IOWA GAMING MARKET ANALYSIS
Winter/Spring 2009

GVA File #08050

Prepared for:
Iowa Racing and Gaming Commission

717 East Court, Suite B
Des Moines, IA 50309

Prepared by:

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May 1, 2009

Mr. Jack Ketterer
Administrator
Iowa Racing and Gaming Commission
717 East Court, Suite B
Des Moines, IA 50309

Dear Mr. Ketterer:

GVA Marquette Advisors is pleased to present the accompanying report entitled: "Iowa Gaming Market Analysis." This report presents an analysis of the existing gaming market in Iowa, as of the Winter/Spring 2009 period, together with an overview of the current and projected economic climate of the region, an assessment of the potential market support for expanded gaming, and estimated Iowa casino utilization and financial projections under varied development scenarios.

Our conclusions are based on information developed from research of the market, knowledge of the industry and meetings with representatives of the project team during which we were provided with significant information. The sources of information and the basis of the estimates and assumptions are stated in the body of this report. This information and supporting documentation was assumed to be accurate and no attempt at independent verification was made. We have no responsibility to update this report for events and circumstances occurring after the conclusion of our fieldwork, which is concurrent with the report date.

The casino utilization and financial projections presented in this report are based on estimates and assumptions developed in connection with our market study and assume that the facilities offers gaming, lodging, support and amenity components as described in this document. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our projections and the variations may be material. Further, we are not responsible for future marketing efforts and other management actions upon which actual casino results will depend.

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We appreciate the opportunity to be of service and remain available to answer any questions which may arise regarding our work, or if additional analysis and/or advisory services are required.

Best Regards,

GVA MARQUETTE ADVISORS

GVA Marquette Advisors

IOWA GAMING MARKET ANALYSIS

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BACKGROUND

In November of 2004, the Iowa Racing and Gaming Commission (IRGC) solicited applications for licensed casinos throughout the state. In May of 2005, IRGC granted licenses to four applicants, bringing the total number of casinos in Iowa to 14. In addition, Iowa has a total of three racinos and three tribal casinos.

Following the granting of the four new licenses in 2004, the IRGC planned to evaluate the issue of additional licenses after a period of several months. In 2008, the IRGC noted flat to negative growth among Iowa gaming facilities. As such, the IRGC determined that it should go forward with a comprehensive analysis of the Iowa gaming market in order to determine the potential for gaming expansion in Iowa and the expected impact of additional casino development upon current facilities. As such, IRGC retained GVA Marquette Advisors to provide a comprehensive analysis of the Iowa gaming market. The scope of services provided under this engagement is summarized below.

SCOPE OF SERVICES[1]

Conduct a study on the casino markets in the State of Iowa. The study will focus on identifying underserved and currently served, but underperforming markets. The study will include the counties of Webster, Wapello, Franklin, Lyon and Tama, whether or not they are deemed to be underserved markets, as these counties have expressed interest in a casino having passed referenda approving casino gambling. The study shall include, but not be limited to the following:

- Projected admission and adjusted gross revenue of:
  - Potential casinos in Wapello, Webster, Franklin, Lyon and Tama counties
  - Potential casinos in other markets identified as underserved or underperforming locations
- Distinguish among markets that will support a minimum capital investment of $40M; $70M and $100M[2]
- Projected impact on existing licensees of a $40M; $70M and $100M facility, subscribing to the theory that the more amenities in addition to the casino, the more attractive the facility will be to a broader geographic market
- Projected impact of multiple new licenses on existing licenses
- Projected percentage of out of state patronage in identified markets and whether or not the casino will be beneficial to tourism
- An economic forecast for Iowa casinos for the next 3 years – include admissions and revenues

[1] Scope of services as per contractual agreement between GVA Marquette Advisors and Iowa Racing and Gaming Commission.
[2] Capital investment levels adjusted by GVA Marquette Advisors to reflect current construction costs

- Provide personal income and discretionary income in identified markets – compare to other markets in Iowa and cite the effect on admissions and revenue
- Projected impact on tourism and creation of new economic development

METHODOLOGY

Our analysis has focused on identifying the overall gaming potential for Iowa casinos, collectively, and for each of the various sub-markets surrounding Iowa's existing casinos. We then worked to understand how each casino competes within its competitive submarket area. The varied submarkets surrounding each of Iowa's casinos include a mix of competitive facilities within Iowa and also neighboring states. Casino performance models were developed that fit these competitive patterns in the current year. Those models were then altered to reflect changes in the market in terms of population and income growth, as well as changes in the number of gaming devices and the number of competitive casinos within the various markets.

In order to construct an accurate model, we have evaluated the historic performance for each of Iowa's existing gaming facilities, together with all relevant demographic and economic data, as well as tourism information and statistics.

Our general approach to this assignment is outlined as follows:

Analysis of Competitive Market Conditions

- Evaluate the scope of the existing facilities within Iowa and information regarding any planned casino or amenity additions.
- Review information regarding performance levels, revenue trends, seasonality, hotel performance and source of patrons for the Iowa market as a whole and for each casino (as available from each of Iowa's casino operators).
- Analyze the Iowa gaming market was also reviewed in comparison with other U.S. gaming markets, including a group of developing and mature markets.
- Evaluate each casino's location in terms of their proximity to population centers, accessibility and visibility, supporting development and tourism activity.
- Identify relevant submarkets markets (draw area and competitors) for each of the existing Iowa casinos.
- Identify likely draw area/submarkets surrounding each of the five counties being considered for gaming development (Lyon, Wapello, Webster, Franklin and Tama), in addition to other markets current deemed to be underserved, thus offering potential for gaming development.

Analyze relevant market areas for each Iowa casino

- Demographics: Population, income, household and personal income data, population age distribution, growth trends
- Economic: Employment, labor market information, business expansion and job growth
- Tourism: Transportation (airports & highways), convention activity, regional and local attractions, annual tourist counts as available
- Segment key population and income statistics by county and for each of the relevant gaming submarkets throughout Iowa. This includes an extensive analysis and comparison of personal and discretionary income by county and submarket and the effect of these indicators on overall gaming potential.

Iowa Gaming Market Forecast

- Develop a base model that predicts the current (2008) performance levels (annual admission and gaming revenues) for each of Iowa's existing casinos considering the relative proximity to population, appropriate participation rates and frequency rates, the impact of "outside" demand components (tourism, etc), average spend estimates, and the respective competitive advantages and disadvantages of each casino due to location and facilities.

- ***Gaming Market Projections – Base Scenario***. Prepare statewide and facility-specific performance projections (admissions and gaming revenue) for each of Iowa's existing gaming facilities. Projections will be developed for three and five-year timeframe. *Base scenario* would assume no increase in gaming licenses within the State of Iowa. This scenario would, however factor in planned new casinos in neighboring states, as relevant.

- ***Gaming Market Projections – Alternative Scenarios***. Prepare statewide and facility-specific performance projections (admissions and gaming revenue) for each of Iowa's existing gaming facilities. Wapello, Webster, Franklin and Tama Counties were evaluated for potential gaming development, as well as other Iowa submarkets determined to be underperforming or currently underserved by gaming. Several models were developed in order to assess the potential impact of gaming investment at various levels ($50M, $75M, and $100M) at the identified new locations.

- Next, we assess the impact of various levels of new gaming development upon the market as a whole and individual casinos in Iowa, specifically.

- We have assessed the various development scenarios above in terms of tourism and the potential to attract additional gamer visits from out-of-state residents, and to generate additional economic development in Iowa.

IOWA GAMING MARKET: HISTORICAL PERSPECTIVE

Iowa Gaming Development & Supply Trends

Casino gaming in Iowa today is an approximately **$1.4 billion** industry, and includes a variety of riverboat and land-based casinos and racino facilities.[3] Today, commercial (non-Tribal) gaming in Iowa includes fourteen (14) commercial casinos and three (3) racinos. The following table illustrates the opening date of casinos throughout the State.

Table1

Iowa's Commercial Casinos -- Development Timeline

Name	Casino Opening	City	
Mississippi Belle	June 10, 1991	Clinton	
Diamond Jo Casino-Dubuque	May 1, 1994	Dubuque	
Catfish Bend Casino-Ft. Madison	November 16, 1994	Ft. Madison	
Argosy Casino	December 1, 1994	Sioux City	
Horseshoe Council Bluffs	March 17, 1995	Council Bluffs	
Prairie Meadows Racetrack and Casino	April 1, 1995	Altoona	
Isle of Capri Casino	April 21, 1995	Bettendorf	
Dubuque Greyhound Park & Casino	November 1, 1995	Dubuque	
Harrah's Council Bluffs	January 1, 1996	Council Bluffs	
Ameristar Casino Hotel	January 19, 1996	Council Bluffs	
Terrible's Lakeside Casino	January 1, 2000	Osceola	
Lady Luck Casino & Hotel	March 2, 2000	Marquette	
Rhythm City Casino	October 10, 2000	Davenport	
Diamond Jo Casino Northwood	April 1, 2006	Northwood	
Wild Rose Casino-Emmetsburg	July, 2006	Emmetsburg	
Riverside Casino and Golf Resort	August 31, 2006	Riverside	
The Isle Casino and Hotel at Waterloo	June 30, 2007	Waterloo	
Catfish Bend Casino	***July, 2007***	***Burlington***	* replaces boat at Ft. Madison
Wild Rose Casino-Clinton	***July, 2008***	***Clinton***	* replaces Miss. Belle boat
Diamond Jo Casino-Dubuque	***December, 2008***	***Dubuque***	* replaces boat

Replacement casino developments shown in italics

The facilities are dispersed throughout the state and combined offer more than 21,000 gaming positions and 1,900 hotel rooms. The table and map on the following pages illustrates the size and location of Iowa's casinos. Note that the map also highlights those Iowa counties which have approved gaming by referendum, including Wapello, Tama, Franklin, Webster and Lyon Counties.

[3] This $1.4 billion does not include revenues at three Tribal casinos in the state of Iowa.

Table 2

State of Iowa

Competitive Gaming Facilities

Casinos	Location	State	Type	Map #	Gaming Machines	Table Games (non-poker)	Poker Tables	Total Positions*	Hotel Rooms
Iowa Casinos									
Isle of Capri Casino	Bettendorf	IA	Casino	1	1,034	26	8	1,288	504
Catfish Bend Casino	Burlington	IA	Casino	2	680	18	5	851	180
Wild Rose Casino and Resort	Clinton	IA	Casino	3	600	17	2	737	40
Ameristar Casino Hotel	Council Bluffs	IA	Casino	4	1,650	39	0	1,923	160
Harrah's Council Bluffs	Council Bluffs	IA	Casino	5	1,000	21	0	1,147	251
Rhythm City Casino	Davenport	IA	Casino	6	975	23	9	1,217	-
Diamond Jo Casino	Dubuque	IA	Casino	7	924	17	0	1,043	-
Wild Rose Casino	Emmetsburg	IA	Casino	8	530	17	4	685	70
Lady Luck Casino & Hotel	Marquette	IA	Casino	9	650	13	2	759	24
Diamond Jo Casino Northwood	Northwood	IA	Casino	10	902	26	7	1,147	102
Casino Omaha	Onawa	IA	Casino	11	464	8	2	538	-
Terrible's Lakeside Casino	Osceola	IA	Casino	12	1,084	18	6	1,264	60
Riverside Casino and Golf Resort	Riverside	IA	Casino	13	1,222	40	14	1,628	201
Argosy Casino	Sioux City	IA	Casino	14	703	21	4	886	-
Winna Vegas Casino	Sloan	IA	Casino	15	668	13	7	822	-
Meskwaki Bingo Casino Hotel	Tama	IA	Casino	16	1,407	30	15	1,752	402
The Isle Casino and Hotel at Waterloo	Waterloo	IA	Casino	17	1,000	29	6	1,257	195
Horseshoe Council Bluffs	Council Bluffs	IA	Racino	18	1,900	44	18	2,370	-
Dubuque Greyhound Park & Casino	Dubuque	IA	Racino	19	1,000	16	4	1,148	120
Prairie Meadows Racetrack and Casino	Altoona	IA	Racino	20	1,900	34	6	2,192	-
Iowa Casinos					**20,293**	**470**	**119**	**24,654**	**2,309**

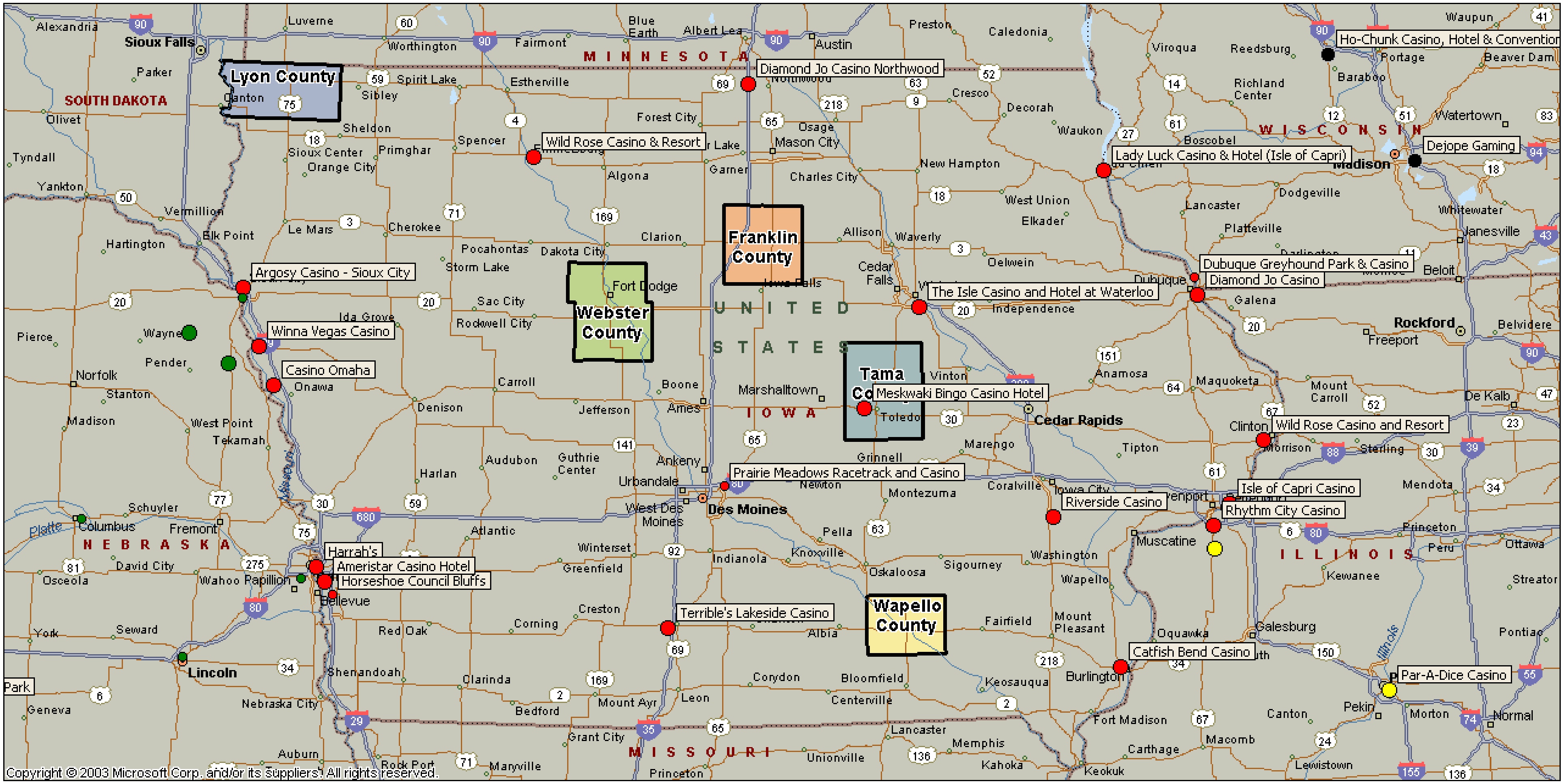
Tribal Casinos shown in italics.

* Note that poker tables represent 9 gaming positions and non-poker tables account for 7 gaming positions per table.

Iowa Casino Locations

(Counties which have approved gaming via referendum are highlighted)

(Nearby casinos in neighboring states also shown on the map)



A significant development wave in Iowa gaming occurred during the mid-1990s, with the opening of casinos at three racetracks in Altoona (Prairie Meadows), Dubuque (Greyhound Park), and Council Bluffs (Horseshoe), along with the addition of boats at Dubuque (Ft. Madison), Sioux City (Argosy), Bettendorf (Isle of Capri), and Council Bluffs (Ameristar and Harrah's). Between 1995 and 2000, Iowa gaming revenues grew from $250,000,000 ($88 per gaming position/day) to nearly $880,000,000 ($173 per position/day).

The year 2000 brought the addition of boats at Osceola (Terribles), Marquette (Lady Luck/Isle of Capri), and Davenport (Rhythm City). In spite of the expansion, the win per unit continued to increase, reflecting the increasing popularity of gaming and increasing draw of Iowa casinos due to their proximity to key population centers (within Iowa and adjacent states). By 2005, the win per position/day had increased to $205 and the State's commercial casinos generated combined revenues of nearly $1,100,000.

In 2006 and 2007, Iowa saw the addition of new licenses and land-based casino resorts at Northwood (Diamond Jo), Emmetsburg (Wild Rose) and Waterloo (Isle). Also in 2007, a new land-based casino was constructed at Burlington (Catfish Bend), thereafter replacing the former riverboat at Ft. Madison. In 2008, two major land-based casinos were completed, also replacing former riverboats. This included the new casino and hotel at Clinton (Wild Rose), replacing the Mississippi Belle and an urban casino in Dubuque (Diamond Jo), replacing the former riverboat there also. Between 2006 and 2008, Iowa gaming revenues increased from $1.15 billion to $1.41 billion. During this same timeframe, the number of gamine positions increased by nearly 24%. The average daily win per position dipped slightly from $184 in 2006 to $178 in 2007, before rebounding to $184 in 2008.

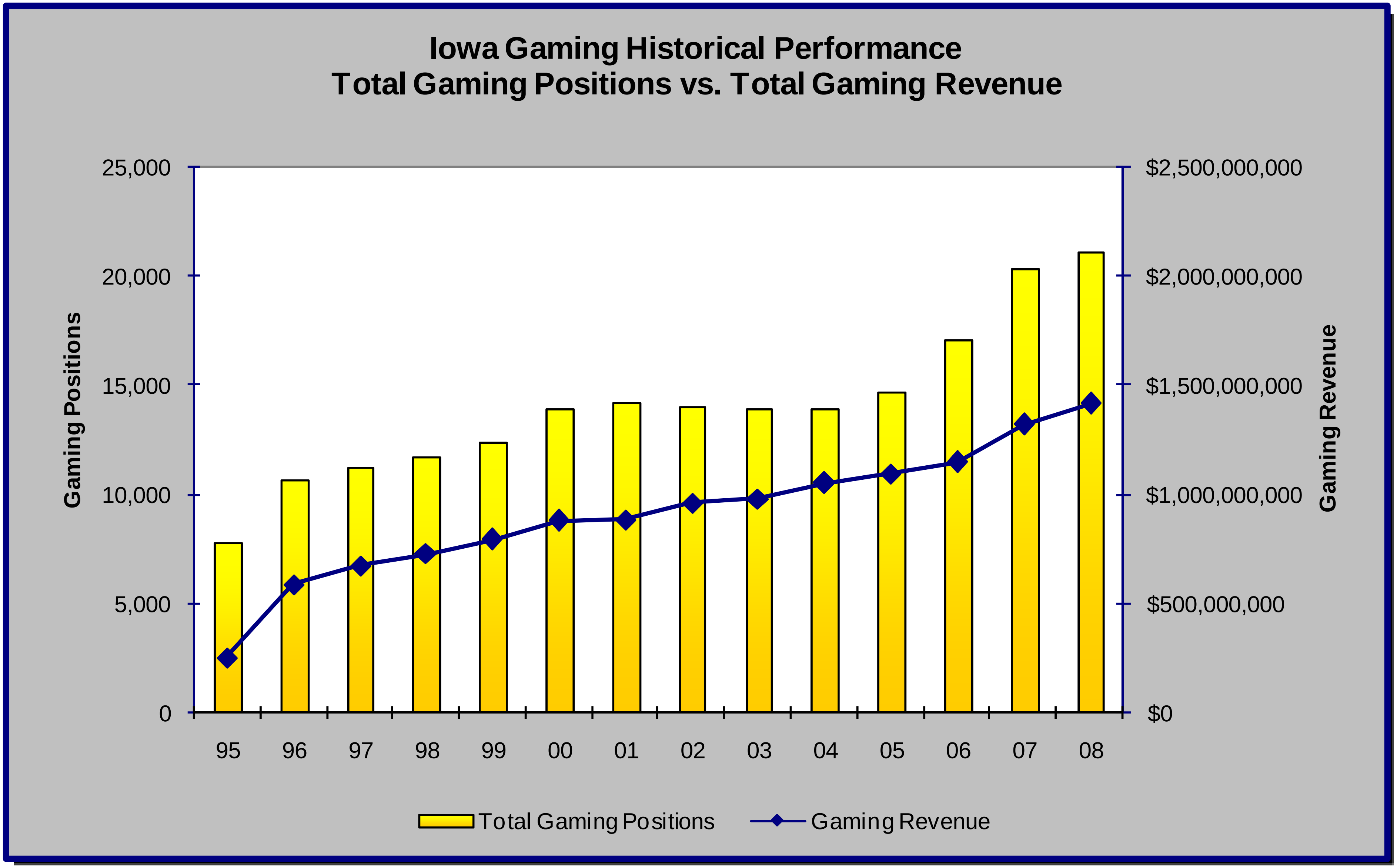
Table 3

Iowa Gaming Market
Summary of Annual Gaming Supply and Revenue Growth, 1995-2008

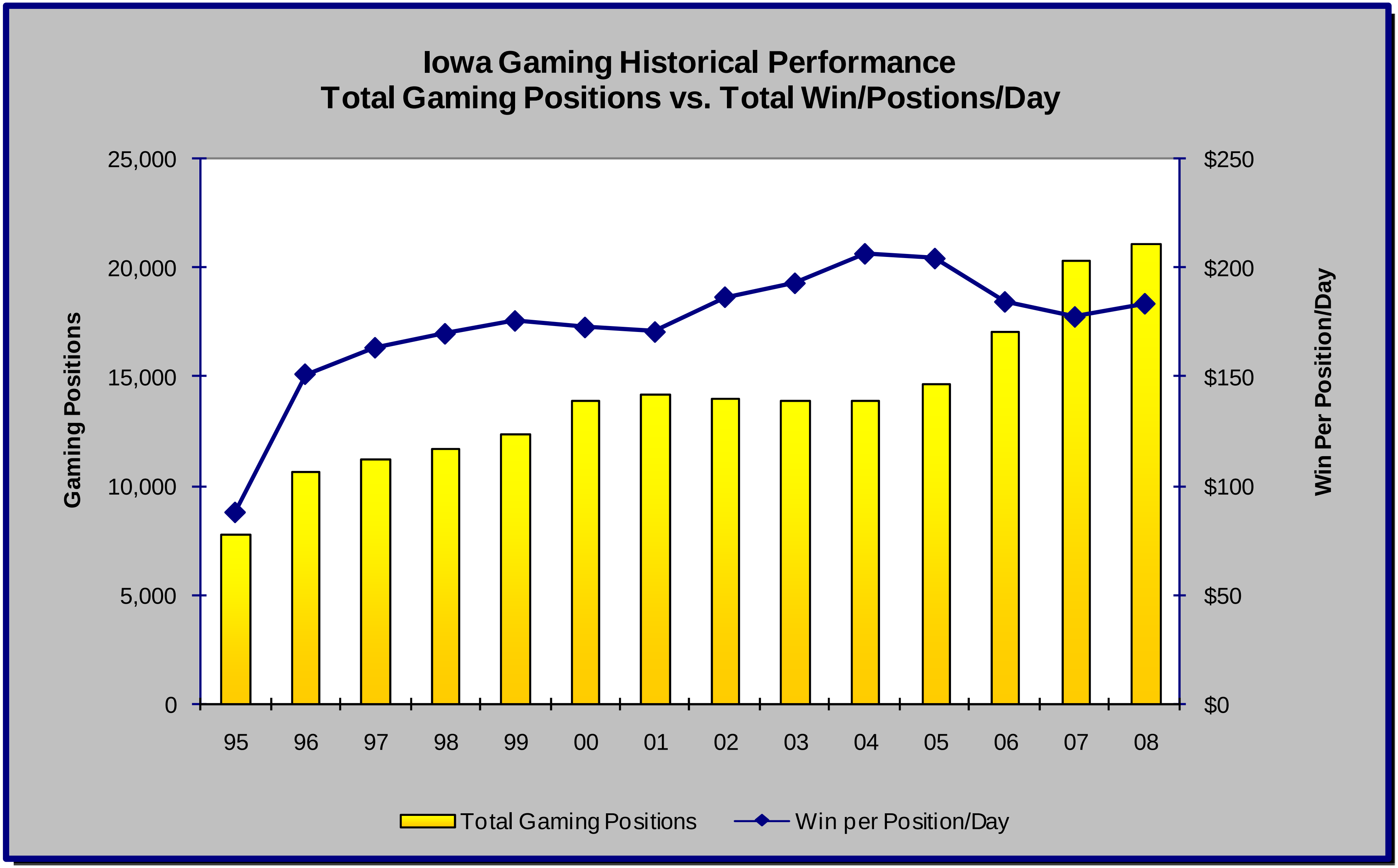
Fiscal Year*	Total Gaming Positions	Annual Growth	Gaming Revenue	Annual Growth	Total Admissions	Annual Growth	Win per Admission	Win per Position/Day
95	7,813		$251,055,049		7,254,846		$35	$88
96	10,685	36.8%	$590,222,695	135.1%	16,936,472	133.5%	$35	$151
97	11,285	5.6%	$673,196,215	14.1%	20,272,160	19.7%	$33	$163
98	11,750	4.1%	$728,406,272	8.2%	20,840,994	2.8%	$35	$170
99	12,393	5.5%	$794,885,038	9.1%	20,694,940	-0.7%	$38	$176
00	13,942	12.5%	$878,967,316	10.6%	21,495,758	3.9%	$41	$173
01	14,241	2.1%	$886,995,718	0.9%	19,801,497	-7.9%	$45	$171
02	14,094	-1.0%	$959,958,783	8.2%	20,028,083	1.1%	$48	$187
03	13,914	-1.3%	$979,990,103	2.1%	19,233,711	-4.0%	$51	$193
04	13,954	0.3%	$1,051,515,709	7.3%	19,509,166	1.4%	$54	$206
05	14,705	5.4%	$1,096,436,947	4.3%	19,793,161	1.5%	$55	$204
06	17,068	16.1%	$1,149,059,504	4.8%	20,315,854	2.6%	$57	$184
07	20,367	19.3%	$1,319,964,125	14.9%	22,519,786	10.8%	$59	$178
08	21,122	3.7%	$1,415,377,851	7.2%	23,735,176	5.4%	$60	$184

* The IRGC fiscal year is Jul.-Jun.

Source: Iowa Racing and Gaming Commission



Iowa Gaming Historical Performance
Total Gaming Positions vs. Total Gaming Revenue
Gaming Positions
25,000
20,000
15,000
10,000
5,000
0
$2,500,000,000
$2,000,000,000
$1,500,000,000
$1,000,000,000
$500,000,000
$0
Gaming Revenue
95
96
97
98
99
00
01
02
03
04
05
06
07
08
Total Gaming Positions
Gaming Revenue



Iowa Gaming Historical Performance
Total Gaming Positions vs. Total Win/Postions/Day
Gaming Positions
25,000
20,000
15,000
10,000
5,000
0
$250
$200
$150
$100
$50
$0
Win Per Position/Day
95
96
97
98
99
00
01
02
03
04
05
06
07
08
Total Gaming Positions
Win per Position/Day

Individual Casino Performance

GVA Marquette Advisors toured and analyzed each of Iowa's casinos, in addition to reviewing historical and recent performance data for all facilities. This included published statistics through IRGC and casino visitation and net win reporting by zip code as provided by the casinos themselves through their player tracking programs. Property data sheets and photographs are provided in the Addenda. Tables 4 and 5 on the following pages summarize individual casino performance statistics for the IRGC fiscal years 2000, 2005 and 2008. The accompanying map illustrates the location of all Iowa casinos, along with competitors in adjacent states. For our analysis purposes, we have segmented the Iowa population by county and into four quadrants, along with portions of adjacent states. Our analysis of relevant demography and economic statistics for these areas is presented later in the report. The following are key points from our analysis of Iowa gaming and the revenue performance of individual casinos.

- Revenues averaged $184 per position/day at Iowa casinos in FY 2008. This is down from $204 per position/day in 2005. However, the decline in per-unit revenues reflects significant expansion within the market over the past three years, as Iowa has seen the addition of more than 6,500 gaming devices during this time. Nonetheless, per-unit performance improved from $178 in 2007 to $184 in 2008.

- There is significant variance in per-unit gaming revenues among Iowa's casinos. Major urban properties such as those at Council Bluffs and Des Moines sustain a steady flow of local business throughout the week, which results in a higher win per unit ($200+) compared to more remote casinos which rely more heavily upon weekend drive-in business, such as Emmetsburg, Marquette, Osceola and Clinton, where the win per unit is around $120.

- Given its size and location, and surrounding competition, we would expect **Isle-Waterloo** to generate a win-per unit in the $200 range. This facility is currently tracking at $80,000,000 per year, equating to about $175 per position/day. This is a new, high quality casino and resort complex which has not yet fully established itself within the Iowa market. As this facility begins to solidify its market position we would expect it to generate a win per unit of around $200.

- The **Riverside Casino Resort**, located just south of Iowa City, is slightly underperforming based on our review of its win-per unit statistics and hotel performance to date. However, this too is a new facility which will require more time to establish itself within the local and regional markets. Thus far, the facility seems to be generating substantial patronage from within the local Iowa City market, but must successfully penetrate more distant markets such as Cedar Rapids, Des Moines and smaller communities throughout eastern Iowa.

Table 4

Individual Casino Revenue Performance
Iowa Casinos, 2000, 2005, 2008

		Gaming Revenue (net win) by Year			Total Gaming Positions			Win per Position/Day		
Casino	Location	2000	2005	2008	2000	2005	2008	2000	2005	2008
Wild Rose	Emmetsburg	N/A	N/A	$27,488,959	N/A	N/A	657	N/A	N/A	$115
Argosy	Sioux City	$33,488,180	$54,837,518	$57,537,914	573	734	886	$160	$205	$178
Ameristar	Council Bluffs	$109,565,075	$180,112,287	$178,899,018	1,646	1,835	1,842	$182	$269	$266
Harrah's	Council Bluffs	$114,894,611	$118,923,710	$96,977,116	1,522	1,480	1,218	$207	$220	$218
Horseshoe	Council Bluffs	$118,748,736	$132,085,471	$198,410,252	1,282	1,612	2,329	$254	$224	$233
Diamond Jo	Northwood	N/A	N/A	$78,348,413	N/A	N/A	1,147	N/A	N/A	$187
Prairie Meadows	Altoona	$147,005,895	$174,357,215	$192,942,938	1,244	1,776	2,192	$324	$269	$241
Terribles	Osceola	$25,339,793	$56,315,383	$55,434,999	1,130	1,138	1,264	$61	$136	$120
Isle	Waterloo	N/A	N/A	$76,577,583	N/A	N/A	1,257	N/A	N/A	$167
Riverside	Riverside	N/A	N/A	$86,141,986	N/A	N/A	1,628	N/A	N/A	$145
Lady Luck	Marquette	$34,134,876	$43,092,259	$34,327,956	950	877	759	$98	$135	$124
Diamond Jo [1]	Dubuque	$45,254,839	$52,594,861	$40,375,188	916	869	896	$135	$166	$123
Greyhound Park	Dubuque	$35,271,560	$43,996,260	$71,620,436	600	637	1,148	$161	$189	$171
Isle	Bettendorf	$89,389,210	$103,900,655	$96,563,711	1,511	1,320	1,288	$162	$216	$205
Rhythmn City	Davenport	$68,474,132	$78,210,268	$56,663,557	1,221	1,147	1,217	$154	$187	$128
Wild Rose [2]	Clinton	$26,578,351	$26,711,775	$27,777,051	604	604	657	$121	$121	$116
Catfish Bend [3]	Burlington	$30,807,058	$31,299,346	$39,290,774	743	671	851	$114	$128	$126
TOTALS		**$878,952,316**	**$1,096,437,008**	**$1,415,377,851**	**13,942**	**14,700**	**21,236**	**$173**	**$204**	**$184**

[1] Diamond Jo land based casino opens Dec. 2008, replacing boat.
[2] Wild Rose Casino-Clinton opens Jul. 2008, replacing Miss. Belle boat.
[3] Catfish Bend land based casino opens Jul. 2007, replacing boat at Ft. Madison.

Source: IRGC

Iowa Gaming Market -- 2008

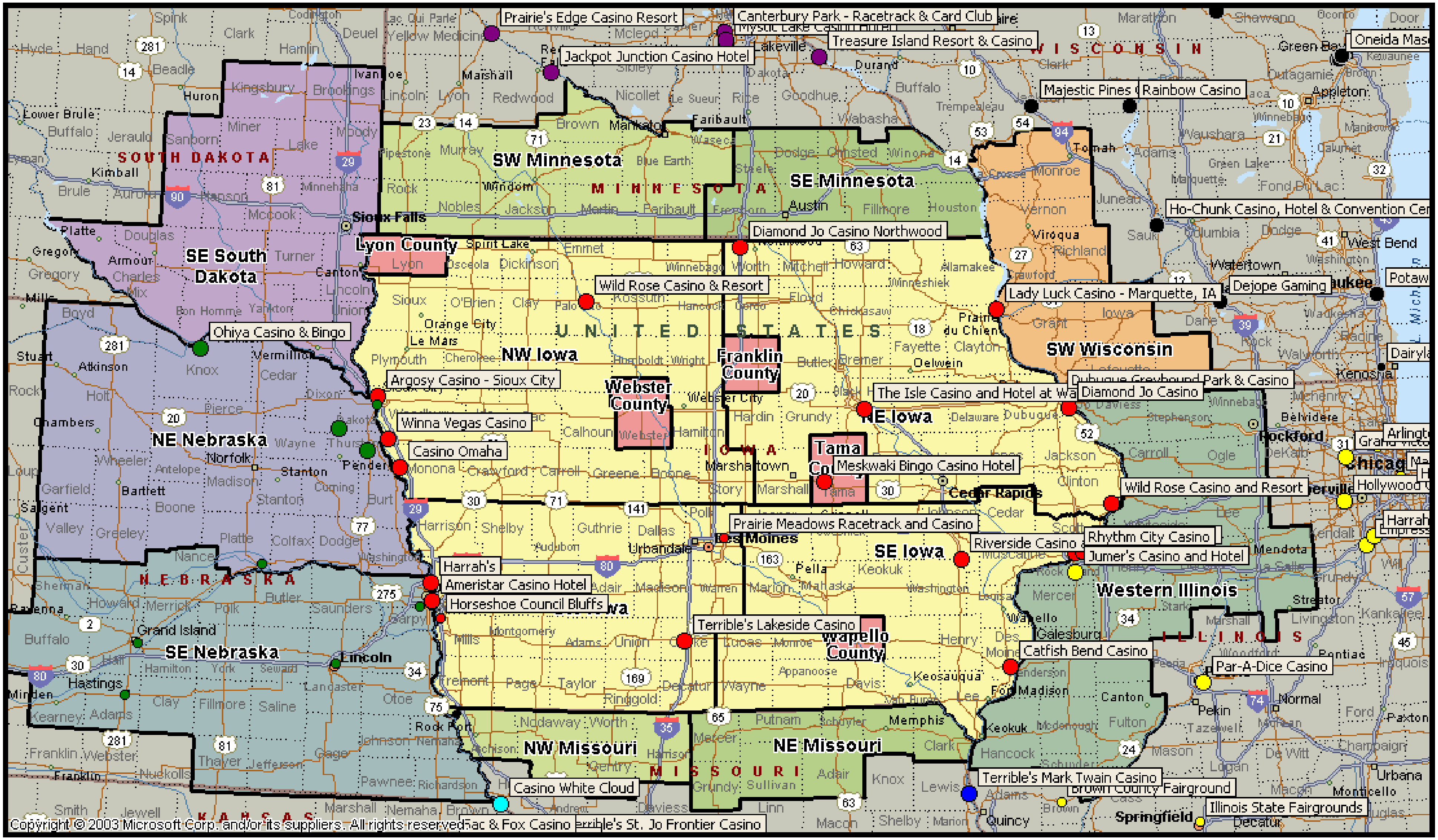


Table 5

Gaming Revenue and Win per Admission
Iowa Casinos, 2008

Casino	Location	Gaming Revenue	Total Admissions	Win per Admission
Wild Rose	Emmetsburg	$27,488,959	593,602	$46
Argosy	Sioux City	$57,537,914	1,123,261	$51
Ameristar	Council Bluffs	$178,899,018	2,677,638	$67
Harrah's	Council Bluffs	$96,977,116	1,560,194	$62
Horseshoe	Council Bluffs	$198,410,252	2,735,731	$73
Diamond Jo	Northwood	$78,348,413	1,319,178	$59
Prairie Meadows	Altoona	$192,942,938	2,490,044	$77
Terribles	Osceola	$55,434,999	991,055	$56
Isle	Waterloo	$76,577,583	1,777,746	$43
Riverside	Riverside	$86,141,986	1,963,640	$44
Lady Luck	Marquette	$34,327,956	428,745	$80
Diamond Jo	Dubuque	$40,375,188	708,290	$57
Greyhound Park	Dubuque	$71,620,436	1,517,818	$47
Isle	Bettendorf	$96,563,711	1,451,452	$67
Rhythmn City	Davenport	$56,663,557	947,343	$60
Wild Rose	Clinton	$27,777,051	413,966	$67
Catfish Bend	Burlington	$39,290,774	1,035,443	$38
TOTALS		**$1,415,377,851**	**23,735,146**	**$60**

Source: IRGC

- We believe the **Riverside Casino Resort** facilities are well designed, although the complex receives strong competition from Isle-Waterloo and Meskwaki, limiting its draw to the north. Further, Prairie Meadows in Altoona inhibits Riverside from gaining substantial penetration into the Des Moines market, while Isle, Rhythm City and Jumers prevent Riverside from attracting regular visitation from the Quad Cities market. Considering the competitive market, we expect that Riverside will continue to attract regular patronage from the local market, especially Iowa City, although it may struggle in its attempt to capture destination gamers with its resort facilities.

- Northeast Iowa casinos such as **Lady Luck Casino in Marquette** and **Meskwaki** have clearly experienced a loss of market share as a result of the Riverside and Isle-Waterloo developments. Meskwaki will continue to attract gamers from Des Moines, although Isle and Riverside have taken significant Waterloo, Cedar Rapids and Iowa City market share from Meskwaki. Meanwhile, Lady Luck will continue to rely upon a primarily rural, blue-collar customer base emanating from northeastern Iowa, southeastern Minnesota and southern Wisconsin.

- Isle-Waterloo and Riverside have had a less significant impact on the **Dubuque** facilities (Diamond Jo and Greyhound Park), since these casinos relied more upon a local customer base and markets in southwestern Wisconsin and northwest Illinois. The new Wild Rose Resort seems to have had a modest impact upon Dubuque. In December 2008, **Diamond Jo** opened a new high quality urban casino in Dubuque, replacing its former riverboat. Since its opening, Diamond Jo monthly revenues are up more than 35%. The development of a new replacement casino with superior amenities and atmosphere has seemingly resulted in increased gaming participation within the Dubuque market, rather than simple cannibalization, as **Dubuque Greyhound Park's** casino revenues have remained fairly stable during this time.

- **Terribles-Osceola** gaming revenues totaled $55.4 million last year, down from $56.3 million in 2005. The addition of table games at Prairie Meadows-Altoona is partly responsible for this decline. More recently, in 2009 Terribles revenues are off approximately 8%, while Prairie Meadows revenues have held approximately steady. This trend is largely attributable to the economic recession, as Des Moines-area residents are making fewer trips to this more distant facility.

- Within the **Quad Cities** market, a new **Jumers** Casino and Resort on the Illinois side of the River had resulted in an initial redistribution of gamer visits and revenues. However the impact thus far has been modest with respect to **Isle-Bettendorf** and **Rhythm City-Davenport**. Isle's revenues for FY-2009 are off about 6.5% compared to the prior year, while Rhythm City revenues are up about 2%.

- The 2006-built **Wild Rose Casino-Emmetsburg** captured net win of approximately $27.5 million in FY 2008, up from $26.4 million the prior year. The facility is located in the small town of Emmetsburg in northern Iowa. The casino attracts frequent patronage from the local area, which is sparsely populated. Weekend drive-in business in the form of day-trippers and hotel guests comes from throughout northern Iowa and southern Minnesota. Fort Dodge to the south and Clear Lake/Mason City to the east are key feeder markets. However, the casino receives strong competition from Diamond Jo-Northwood to the east and larger resort casinos in southern Minnesota. Its distance from major cities and the location of larger casino facilities in all directions will prohibit Wild Rose-Emmetsburg from significantly expanding its customer base.

- Comparatively, the **Diamond Jo Casino at Northwood, IA** is strategically located on I-35 within an easy 30 to 60-minute driving distance from southern Minnesota cities including Albert Lea, Austin and Owatonna. Casino revenues totaled $78.3 million last year and have been stable in 2009. Key feeder cities within about 30 minutes also include Clear Lake and Mason City.

- The **Wild Rose Casino in Clinton** was completed in July of 2008. The casino draws from a local community of about 50,000 in Clinton County, and also attracts patrons from southern Wisconsin and western Illinois. The casino is projected to generate revenues of approximately $42.0 million in FY 2009. This represents a substantial increase over the $27.0 which the former riverboat facility generated within this market in recent years. It is apparent that the new superior facility, with a better atmosphere, amenity base and attached lodging, has stronger appeal within both the local and regional markets.

- The **Catfish Bend Casino**, located in far southeastern Iowa in the city of Burlington, was completed in July of 2007, replacing the former boat at Fort Madison. Casino revenues totaled $39.3 million in FY 2008. The economic recession appears to be impacting Catfish Bend, as FY 2009 revenues are off about 3.3%. The casino attracts regular patronage from the local Burlington (Des Moines County) market, with a population of approximately 40,000. Other feeder markets within about a 90-minute drive include Quincy and Galesburg, IL. Catfish Bend is unable to gain significant entry in nearby markets such as Iowa City and the Quad Cities due to the presence of major casinos there, and its draw into western Illinois is limited in comparison with gaming options such as Jumers in Rock Island, Pair-a-Dice Casino at Peoria and several Chicagoland gaming options.

- The **Council Bluffs** market is one of the top twenty gaming markets in the United States in terms of casino revenue. Three major casinos here include **Ameristar, Harrah's and Horseshoe Casino at Bluff's Run** (also owned by Harrah's). Ameristar and Harrah's offer large riverboat casinos with adjacent lodging and related facilities. The casinos attract strong local patronage from throughout the Omaha-Council Bluffs metro area (pop. 750,000). Lincoln, NE is also a key feeder market. As well, with extensive resort facilities the Council Bluffs casinos attract regular patronage from gamers residing throughout much of Iowa, Nebraska and northern Missouri.

- Following a major renovation and expansion in 2006, **Horseshoe Casino** became Iowa's largest casino and the only land-based casino in the Omaha/Council Bluffs area, with more than 100,000 sf of gaming space on one level. Lodging is available at nearby hotels and through nearby Harrah's. The three facilities generated combined gaming revenues of $474 million in FY 2008, up from $432 million in 2005. During this time, Horseshoe has increased its share of the Council Bluffs market from around 31% to 42%. The Council Bluffs market expanded by about $43 million between 2005 and 2008. Horseshoe revenues actually increased by more than $66 million during this timeframe, with Ameristar revenues down about $1.2 million and Harrah's Casino Resort gaming down about $22 million. It is apparent that the Horseshoe development/expansion resulted in an increase in regional gaming participation and a redistribution of gaming trips within the market. The economic recession has impacted Council Bluffs in FY 2009, however, as market gaming revenues are off approximately 3.9%.

To summarize, the Iowa gaming market has shown substantial growth over a period of several years. Newer casinos such as Isle-Waterloo, Riverside, and the Wild Rose facilities should see a ramp-up in market share and gaming revenues over the next couple of years, although we believe the Iowa market as a whole will generally stabilize in the coming two to three years, assuming the gaming supply remains unchanged. The effect of the current recession has been modest, generally, as Iowa gaming revenues overall have held steady. Declines of 3.5% to 4.0% in Council Bluffs and Bettendorf/Davenport have been offset by gains in markets such as Dubuque, where the new land-based Diamond Jo facility has stimulated an increase in casino visitation, and Clinton, where a new land-based resort casino has resulted in a 50% increase in gaming compared to the former riverboat facility. Older casinos in the eastern and central portion of the state such as Lady Luck-Marquette, Isle-Bettendorf, Rhythm City-Bettendorf, and the Tribe-owned Meskwaki complex could see a slight decline in market share in the coming months as a result of new facilities such as Isle-Waterloo, Riverside and a new land-based Jumers Casino at Rock Island, IL.

Iowa Comparison with other U.S. Gaming Markets

GVA Marquette Advisors analyzed Iowa casino revenue trends in comparison with several other U.S. gaming markets, as depicted on the table on the following page. Growth in gaming was compared with key variables including adult population and increases in the gaming supply (number of gaming positions). Data is shown for 1995, 2000, 2005, 2006, 2007, and 2008. We have also included an analysis of 2009 YTD statistics for markets where such data was available. Key points from our analysis are summarized below.

- The Iowa gaming market has seen significant growth in gaming revenues corresponding with casino development phases in the mid 1990s and 2000, and again in 2006/2007. More recently, between 2005 and 2008 Iowa gaming revenues increased from approximately $1.096 billion to $1.415 billion. This reflects an average annual growth rate of 5.8%.

- As of the end of FY 2008, the Iowa gaming supply consisted of approximately 21,000 gaming positions. There were about 111 adult residents of Iowa for each gaming position. Among the comparative markets, Indiana and Missouri most closely resemble Iowa in this regard, with 194 and 191 residents per gaming position, respectively. Destination-oriented markets such as Las Vegas and Atlantic City, along with Louisiana and Mississippi, import gamers from a broader region and nationally and thus the ratio of adult residents per gaming position is not a relevant unit of comparison. Illinois casinos benefit from a dense population base and a comparatively limited gaming supply, thereby showing a ratio of 866 adult residents per gaming position and a much higher win-per-gaming position.

- The U.S. has experienced an economic recession which has impacted gaming markets in 2008 and 2009. The Iowa gaming industry has outperformed the U.S. as a whole and many gaming submarkets, with revenue increases of 7.2% in 2008 and 0.7% in 2009. Some of the increase in 2008 is attributable to the expansion of gaming, with new facilities developed in 2006-2008. However, we have found that gaming revenues at most of Iowa's casinos have held up well overall in spite of the economic downturn and increases in casino competition.

- Comparatively, destination markets have seen major declines in gaming revenue, most notably Las Vegas and Atlantic City. Due to the economic recessions, gamers are traveling less to such destinations and are reducing their spending while there. Meanwhile, some regional gaming markets have actually benefited, as gamers are substituting more local and regional gaming trips for destinations such as Las Vegas. We believe that Iowa has benefited as such to some degree, and from an overall state economy which has outperformed many U.S. markets.

Table 6
Gaming Market Performance, 1995-2009
Iowa and Selected U.S. Gaming Markets

			IRGC Fiscal Year (July-June)				
Iowa	**1995**	**2000**	**2005**	**2006**	**2007**	**2008**	**2009 YTD (July-March)**
Adult Population	2,084,837	2,192,686	2,284,326	2,302,654	2,320,982	2,339,310	2,357,637
Total Gaming Positions	7,813	13,942	14,705	17,068	20,367	21,122	20,869
Adult Population per Gaming Position	267	157	155	135	114	111	113
Casino Net Win	$251,055,049	$878,967,316	$1,096,437,007	$1,149,059,504	$1,319,964,125	$1,415,377,851	$1,060,009,022
Casino Net Win Per Position Per Day	$88	$173	$204	$184	$178	$184	$188
Casino Net Win Per Adult Resident per Year	$120	$401	$480	$499	$569	$605	$450
Annual Net Win Growth Rate	**n/a**	**50.0%**	**4.9%**	**4.8%**	**14.9%**	**7.2%**	**0.7%**
Annual Population Growth Rate	n/a	1.0%	0.8%	0.8%	0.8%	0.8%	N/A
Annual Gaming Supply Growth Rate	n/a	15.7%	1.1%	16.1%	19.3%	3.7%	N/A
Missouri	**1995**	**2000**	**2005**	**2006**	**2007**	**2008**	**2009 YTD (July-March)**
Adult Population	3,875,301	4,167,519	4,416,989	4,466,883	4,516,777	4,566,671	4,616,565
Total Gaming Positions	-	18,748	21,704	21,513	21,625	23,512	23,512
Adult Population per Gaming Position	n/a	222	204	208	209	194	196
Casino Net Win	$310,122,618	$978,768,809	$1,509,325,405	$1,570,294,346	$1,599,686,340	$1,636,277,856	$1,272,146,894
Casino Net Win Per Position Per Day	n/a	$143.03	$190.52	$199.98	$202.67	$190.67	$200
Casino Net Win Per Adult Resident per Year	$80.03	$234.86	$341.71	$351.54	$354.17	$358.31	$276
Annual Net Win Growth Rate	**n/a**	**43.1%**	**10.8%**	**4.0%**	**1.9%**	**2.3%**	**5.3%**
Annual Population Growth Rate	n/a	1.5%	1.2%	1.1%	1.1%	1.1%	N/A
Annual Gaming Supply Growth Rate	n/a	n/a	3.2%	-0.9%	0.5%	8.7%	N/A
Illinois	**1995**	**2000**	**2005**	**2006**	**2007**	**2008**	**2009 YTD (Jan-March)**
Adult Population	8,622,157	9,173,842	9,625,445	9,715,765	9,806,086	9,896,406	9,986,727
Total Gaming Positions	-	11,416	11,454	11,484	11,479	11,429	11,872
Adult Population per Gaming Position	n/a	804	840	846	854	866	841
Casino Net Win	$0	$1,658,004,361	$1,798,912,344	$1,923,528,409	$1,983,386,762	$1,569,000,000	$371,634,000
Casino Net Win Per Position Per Day	n/a	$397.90	$430.29	$458.89	$473.38	$349.42	$116
Casino Net Win Per Adult Resident per Year	$0.00	$180.73	$186.89	$197.98	$202.26	$147.29	$37
Annual Net Win Growth Rate	**n/a**	**n/a**	**1.7%**	**6.9%**	**3.1%**	**-20.9%**	**-9.3%**
Annual Population Growth Rate	n/a	1.3%	1.0%	0.9%	0.9%	0.9%	N/A
Annual Gaming Supply Growth Rate	n/a	n/a	0.1%	0.3%	0.0%	-0.4%	N/A
Indiana	**1995**	**2000**	**2005**	**2006**	**2007**	**2008**	**2009 YTD (Jan-March)**
Adult Population	4,171,774	4,506,089	4,750,161	4,798,975	4,847,789	4,896,604	4,945,418
Total Gaming Positions	-	21,066	22,421	22,223	23,367	25,698	27,936
Adult Population per Gaming Position	#DIV/0!	214	212	216	207	191	177
Casino Net Win	$0	$1,687,870,283	$2,407,379,404	$2,482,569,264	$2,640,843,660	$2,571,125,757	$713,967,663
Casino Net Win Per Position Per Day	#DIV/0!	$219.51	$294.17	$306.06	$309.63	$274.11	$95
Casino Net Win Per Adult Resident per Year	$0.00	$374.58	$506.80	$517.31	$544.75	$525.08	$144
Annual Net Win Growth Rate	n/a	n/a	8.5%	3.1%	6.4%	-2.6%	12.4%
Annual Population Growth Rate	n/a	1.6%	1.1%	1.0%	1.0%	1.0%	N/A
Annual Gaming Supply Growth Rate	n/a	n/a	1.3%	-0.9%	5.1%	10.0%	N/A

Table 6 (Continued)
Gaming Market Performance, 1995-2009
Iowa and Selected U.S. Gaming Markets

IRGC Fiscal Year (July-June)

Iowa	1995	2000	2005	2006	2007	2008	2009 YTD (July-March)
Adult Population	2,084,837	2,192,686	2,284,326	2,302,654	2,320,982	2,339,310	2,357,637
Total Gaming Positions	7,813	13,942	14,705	17,068	20,367	21,122	20,869
Adult Population per Gaming Position	267	157	155	135	114	111	113
Casino Net Win	$251,055,049	$878,967,316	$1,096,437,007	$1,149,059,504	$1,319,964,125	$1,415,377,851	$1,060,009,022
Casino Net Win Per Position Per Day	$88	$173	$204	$184	$178	$184	$188
Casino Net Win Per Adult Resident per Year	$120	$401	$480	$499	$569	$605	$450
Annual Net Win Growth Rate	**n/a**	**50.0%**	**4.9%**	**4.8%**	**14.9%**	**7.2%**	**0.7%**
Annual Population Growth Rate	n/a	1.0%	0.8%	0.8%	0.8%	0.8%	N/A
Annual Gaming Supply Growth Rate	n/a	15.7%	1.1%	16.1%	19.3%	3.7%	N/A

Fiscal Year (July to June)

Louisiana	1995	2000	2005	2006	2007	2008	2009 YTD (July-March)
Adult Population	3,043,999	3,249,177	3,325,297	3,340,521	3,355,746	3,370,970	3,386,194
Net Win	$0	$1,590,809,835	$2,221,377,611	$2,383,853,218	$2,546,726,336	$2,607,468,203	$1,920,244,197
Win Per Adult	$0	$490	$668	$714	$759	$774	$567
Annual Net Win Growth Rate	**n/a**	**n/a**	**7.9%**	**7.3%**	**6.8%**	**2.4%**	**-1.3%**
Annual Population Growth Rate	n/a	1.3%	0.5%	0.5%	0.5%	0.5%	N/A

Mississippi	1995	2000	2005	2006	2007	2008	2009 YTD (Jan-March)
Adult Population	1,875,058	2,069,471	2,170,585	2,190,808	2,211,031	2,231,254	2,251,477
Total Gaming Positions	-	49,940	29,545	38,828	42,237	43,242	43,554
Adult Population per Gaming Position	n/a	41	73	56	52	52	52
Casino Net Win	$1,724,343,006	$2,649,296,117	$2,468,476,871	$2,570,883,586	$2,891,546,427	$2,721,139,216	$667,535,577
Casino Net Win Per Position Per Day	#DIV/0!	$145	$229	$181	$188	$172	$57
Casino Net Win Per Adult Resident per Year	$920	$1,280	$1,137	$1,173	$1,308	$1,220	$296
Annual Net Win Growth Rate	n/a	10.7%	-1.4%	4.1%	12.5%	-5.9%	-9.7%
Annual Population Growth Rate	n/a	2.1%	1.0%	0.9%	0.9%	0.9%	0.9%
Annual Gaming Supply Growth Rate	n/a	n/a	-8.2%	31.4%	8.8%	2.4%	0.0%
Annual Net Win Growth Rate	**n/a**	**n/a**	**-1.4%**	**4.1%**	**12.5%**	**-5.9%**	**-9.7%**
Annual Population Growth Rate	n/a	n/a	-1.4%	4.1%	12.5%	-5.9%	N/A
Annual Gaming Supply Growth Rate	n/a	n/a	11.5%	-20.8%	3.4%	-8.1%	N/A

Table 6 (Continued)
Gaming Market Performance, 1995-2009
Iowa and Selected U.S. Gaming Markets

IRGC Fiscal Year (July-June)

Iowa	1995	2000	2005	2006	2007	2008	2009 YTD (July-March)
Adult Population	2,084,837	2,192,686	2,284,326	2,302,654	2,320,982	2,339,310	2,357,637
Total Gaming Positions	7,813	13,942	14,705	17,068	20,367	21,122	20,869
Adult Population per Gaming Position	267	157	155	135	114	111	113
Casino Net Win	$251,055,049	$878,967,316	$1,096,437,007	$1,149,059,504	$1,319,964,125	$1,415,377,851	$1,060,009,022
Casino Net Win Per Position Per Day	$88	$173	$204	$184	$178	$184	$188
Casino Net Win Per Adult Resident per Year	$120	$401	$480	$499	$569	$605	$450
Annual Net Win Growth Rate	**n/a**	**50.0%**	**4.9%**	**4.8%**	**14.9%**	**7.2%**	**0.7%**
Annual Population Growth Rate	n/a	1.0%	0.8%	0.8%	0.8%	0.8%	N/A
Annual Gaming Supply Growth Rate	n/a	15.7%	1.1%	16.1%	19.3%	3.7%	N/A

Atlantic City	1995	2000	2005	2006	2007	2008	2009 YTD (Jan-March)
Adult Population	29,574	30,090	30,952	31,125	31,297	31,470	31,642
Total Gaming Positions	38,164	45,420	52,361	48,114	46,815	45,582	44,019
Adult Population per Gaming Position	1	1	1	1	1	1	1
Casino Net Win	$3,747,578,000	$4,300,736,000	$5,018,276,523	$5,217,713,795	$4,920,786,970	$4,545,235,597	$950,192,424
Casino Net Win Per Position Per Day	$269	$259	$263	$297	$288	$273	$80
Casino Net Win Per Adult Resident per Year	$126,719	$142,929	$162,129	$167,639	$157,227	$144,432	$30,029
Annual Net Win Growth Rate	**n/a**	**3.0%**	**3.3%**	**4.0%**	**-5.7%**	**-7.6%**	**-16.2%**
Annual Population Growth Rate	n/a	0.3%	0.6%	0.6%	0.6%	0.6%	
Annual Gaming Supply Growth Rate	n/a	3.8%	3.1%	-8.1%	-2.7%	-2.6%	

Las Vegas	1995	2000	2005	2006	2007	2008	2009 YTD (Jan-Feb)
Adult Population	226,993	354,379	404,336	414,328	424,319	434,311	444,302
Total Gaming Positions	90,070	109,603	99,901	96,222	93,380	93,570	93,750
Adult Population per Gaming Position	3	3	4	4	5	5	5
Casino Net Win	$4,328,038,000	$5,676,227,000	$6,894,117,000	$7,529,275,000	$7,657,461,000	$6,892,925,000	$13,645,871,000
Casino Net Win Per Position Per Day	$132	$142	$189	$214	$225	$202	$539
Casino Net Win Per Adult Resident per Year	$19,067	$16,017	$17,050	$18,172	$18,046	$15,871	$30,713
Annual Net Win Growth Rate	**n/a**	**6.2%**	**4.3%**	**9.2%**	**1.7%**	**-10.0%**	**-11.8%**
Annual Population Growth Rate	n/a	11.2%	2.8%	2.5%	2.4%	2.4%	
Annual Gaming Supply Growth Rate	n/a	4.3%	-1.8%	-3.7%	-3.0%	0.2%	

United States	1995	2000	2005	2006	2007	2008	2009 YTD (Jan-March)
Adult Population	189,909,972	209,128,094	224,953,562	228,118,656	231,283,749	234,448,843	N/A
Casino Net Win	$45,100,000,000	$61,400,000,000	$84,400,000,000	$90,900,000,000	$93,800,000,000	N/A	N/A
Casino Net Win Per Adult Resident per Year	$237	$294	$375	$398	$406	N/A	N/A
Annual Net Win Growth Rate	**N/A**	**7.2%**	**7.5%**	**7.7%**	**3.2%**	**N/A**	**N/A**
Annual Population Growth Rate	N/A	2.0%	1.5%	1.4%	1.4%	N/A	N/A

Sources: Various State Gaming Commissions, American Gaming Association, ESRI Business Information Solutions (population data)

Overall, from our analysis of Iowa gaming revenues and various related indicators, most importantly the gaming supply relative to the state and regional population base, the location of casinos related to key population centers, and household incomes and consumer spending patterns throughout the state, we believe that the Iowa gaming market, while not “saturated” is approaching maximum penetration with respect to the regional population base. An exception may be in the far northeastern portion of the state, in proximity to nearby Sioux Falls, SD. This issue is discussed in detail in forthcoming sections.

In conclusion, while newer casinos in Iowa will likely see continued “ramp-up” in revenues over the next couple of years, we believe that the market overall is more likely to see growth rates corresponding with overall adult population and income growth rates for the region.

REGIONAL DEMOGRAPHY & ECONOMICS

Gaming Demand Indicators

The amount of gaming demand that exists in a market is a function of the following major factors:

- Population
- Income
- Quantity of gaming facilities
- Quality and amenities of gaming facilities
- Proximity and convenience of gaming facilities
- Variety and quality of entertainment alternatives

In evaluating the potential gaming market available for a gaming market as a whole, or a particular new casino, each of these factors must be weighed in relation to the particular characteristics of the market. These factors are discussed in greater detail below.

Quantity of gaming facilities: The number of gaming devices and tables present in a market in relation to the population base available is a major determinant of the performance of those gaming devices and tables. To a certain extent, the gaming dollars available in a market are spread over the number of devices in that market. However this relationship is not constant. In most markets where multiple casinos exist, the local population has a tendency to participate more frequently, due to the convenience and variety of gaming facilities available, thereby expanding the pool of gaming dollars. For example, if a second casino of similar size were added to a market, the first casino would not be expected to lose one-half its volume. Instead, the total gaming volume available to the two casinos would be expected to increase somewhat, for both casinos to share, although some dilution of the first casino's business would occur. As a market begins to approach equilibrium between the supply of gaming positions and the gaming demand available within that market, however, each additional expansion has an increasingly larger dilutive effect on the overall market. We believe that Iowa is in fact approaching an equilibrium situation, perhaps with the exception of the northwestern portion of the state which could potentially capture additional revenues from the Sioux Falls, SD area. This issue is obviously discussed in great detail in forthcoming sections.

Depending upon the facilities and infrastructure of the casino itself and the surrounding area, a casino's market need not be entirely limited by the local or even regional population base present. To the extent the population base in the region is low, significant demand can be imported from elsewhere, particularly from places where gaming is not available. Hotels and bussing programs can import demand. Las Vegas is an extreme example of a market that has developed such a large concentration of gaming facilities and amenities that they attract patrons from around the world.

Proximity and convenience of gaming facilities: Related to the quantity of gaming facilities is the proximity and convenience factor in influencing gaming demand. People are more likely to visit a casino that is close to their home and/or is easily accessed. This is especially true during an economic recession (such as the current situation within the U.S.) and in periods of rising fuel and travel costs. During these periods, people are much more likely to visit those casinos which are closest to their residence most frequently, making fewer visits to more distant gaming facilities.

Quality and amenities of gaming facilities: A casino that features onsite lodging and other complimentary amenities, in addition to an overall high quality gaming environment will entice the area population to visit more frequently and will encourage people to travel a greater distance, thereby increasing the casino's market share and possibly increasing the size of the area's gaming pool. Hotels have the single most direct impact on a casino's ability to attract gamers from a greater distance. Meanwhile, restaurants often assist a casino in attracting more frequent visits among a local or regional population base, especially since many casino customers combine a meal with their casino visit. A casino with high quality, appropriately priced dining options can gain a significant advantage over another nearby with more limited dining options and/or poor quality food and beverage.

Variety and quality of entertainment alternatives: A population's propensity to participate in gaming activities is also influenced by the variety and quality of entertainment alternatives available to them. In general, urban populations that have movies, shopping, sporting events, restaurants and other entertainment alternatives readily available tend to participate in gaming activities less frequently than do rural populations that do not have these activities conveniently available. For example, persons residing in the Des Moines area have a more diverse variety of recreational and entertainment options as compared to persons residing in a smaller community in rural Iowa. Therefore, gaming participation rates are often higher in rural areas within conveniently located gaming facilities in the area, since there are fewer alternative leisure activities. Gaming participation rates can increase also in urban areas where multiple casinos exist.

As discussed in the previous section, GVA Marquette analyzed the Iowa casino supply in detail, including a review of their gaming and amenity components. In this section of the report we focus on the following key underlying demand-side factors which drive casino performance, those being population and income growth, as well as the overall health of the regional economy, best indicated by the employment situation.

Population: The most fundamental economic factor affecting casino performance is the number of people in the market, specifically the number of adults of gaming age. Although the correlation is not necessarily direct, the population base in the surrounding region is a major determinant of the number of gaming devices and tables an area can support.

Income: Income also plays an important role in affecting the performance potential of a casino market. However, the exact role played is not as obvious as it might seem. The gaming industry has long known that its reputation as being attractive primarily to under-educated, lower income classes was completely false. Rather the propensity to gamble tends to *increase* with income. Certainly casino executives spend a great deal of effort and money to attract and cater to high-income patrons.

Nevertheless, it also does not follow that the higher the average income in a particular market, the larger the gaming pool and the higher the average expenditure per person will be at the casino. The average win per person is far more directly influenced by the regulatory environment within which the casino operates and the overall level of competition present within the market. Markets in which casino play is inhibited by such regulations as table game limits, restricted games, and loss limits generally experience lower win per person characteristics than do less regulated markets. Similarly, casinos in markets where there is little competition generally experience higher levels of play that result in higher win per person.

Rather, the importance of income comes as a supplement to the population base and tourism potential by determining the total pool of dollars available to be spent on discretionary activities such as casino gaming. Another way of examining that pool of dollars is to look at existing expenditures on entertainment and recreation. Based upon statistics from ESRI Business Information Solutions, a nationally recognized econometric forecasting firm, entertainment and recreation expenditures and restaurant spending by Iowa residents were estimated at more than $7.6 billion in 2008. Clearly, the pool of available dollars for spending on entertainment and recreation within the State of Iowa, including casino gaming, is enormous. Obviously, Iowa casino revenues also attract substantial additional revenues from persons residing in neighboring states, especially those casinos located near Iowa's borders.

Population & Income Growth Trends: Iowa Gaming Market Area

For our analysis purposes, GVA Marquette Advisors divided the state of Iowa into four quadrants, including northwest, southwest, northeast and southeast. We reviewed population and household income data by county, and for each quadrant. As well, we analyzed growth trends for counties within portions of each neighboring state. The map on the following page illustrates our market segmentation. Based on our review of player tracking data as provided by Iowa casino operators, this area as a whole provides the vast majority of customer visits to Iowa casinos.

The map on the following page is followed by Table 7, which summarizes population and income growth by county for all of Iowa and relevant portions of adjacent states.

Competitive Gaming Market: Iowa & Surrounding States

Note: shaded areas as a whole reflect the primary collective draw area for Iowa casinos

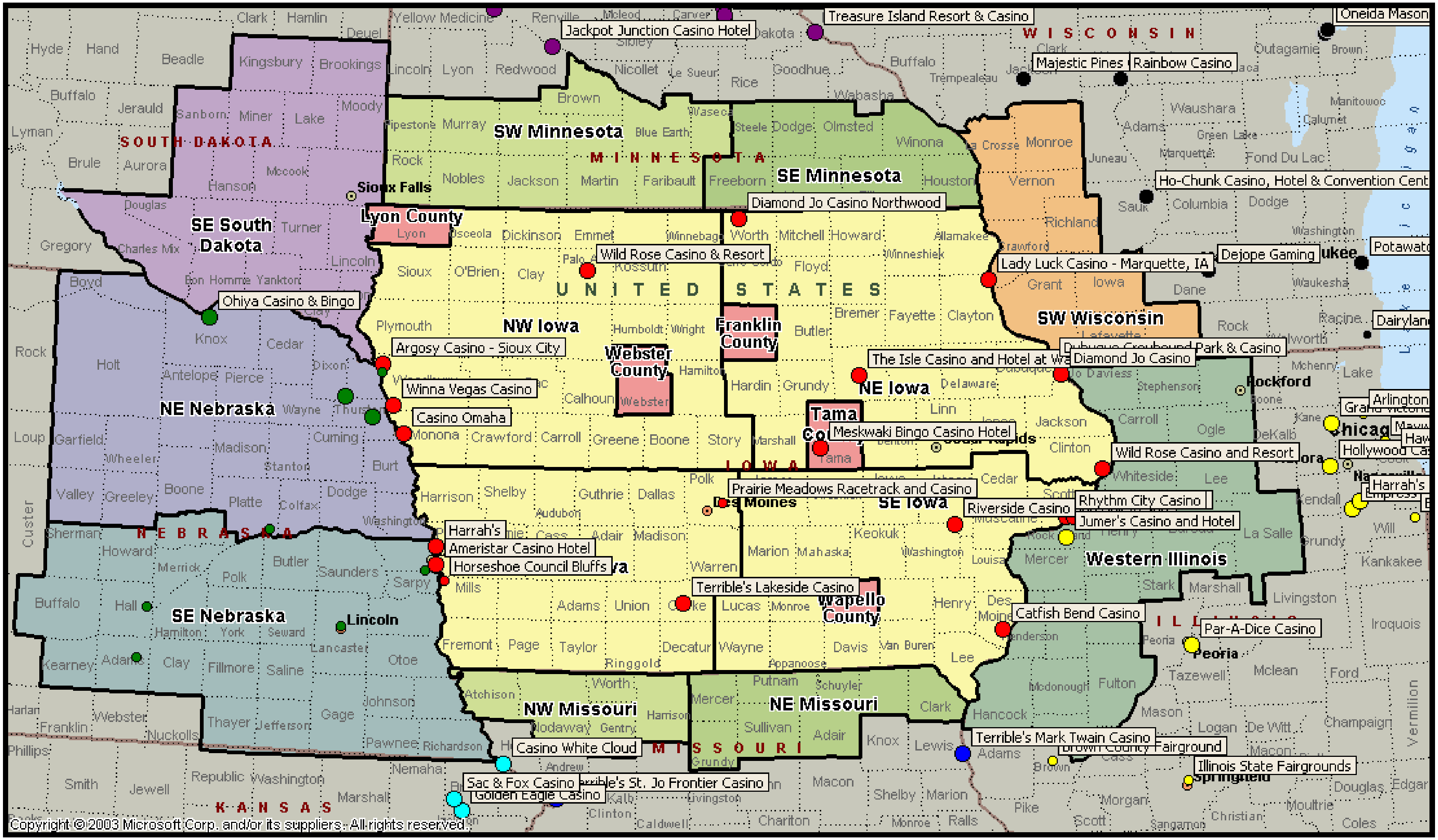


Table 7

Population and Income Growth Trends, 2008-2013

Iowa Gaming Market (Iowa and Selected Counties in Adjacent States)

	2008					2013				
Northwest Iowa Counties										
Boone	26,994	20,947	10,922	$62,348	$680,964,856	27,518	21,492	11,175	$72,975	$815,495,625
Buena Vista	20,237	15,603	7,519	$53,492	$402,206,348	20,238	15,725	7,519	$61,337	$461,192,903
Calhoun	10,603	8,535	4,350	$51,916	$225,834,600	10,255	8,296	4,219	$59,766	$252,152,754
Carroll	21,022	16,124	8,629	$58,317	$503,217,393	20,760	16,027	8,625	$66,664	$574,977,000
Cherokee	12,070	9,487	5,161	$52,980	$273,429,780	11,476	9,078	4,950	$60,149	$297,737,550
Clay	16,957	13,142	7,323	$56,403	$413,039,169	16,708	13,016	7,275	$65,252	$474,708,300
Crawford	16,992	12,880	6,567	$49,600	$325,723,200	17,080	12,947	6,615	$55,876	$369,619,740
Dickinson	17,440	14,057	7,751	$61,076	$473,400,076	18,317	14,818	8,203	$70,136	$575,325,608
Emmet	10,563	8,218	4,400	$52,243	$229,869,200	10,248	7,993	4,307	$59,837	$257,717,959
Greene	10,085	7,846	4,097	$51,071	$209,237,887	9,909	7,749	4,022	$57,800	$232,471,600
Hamilton	16,290	12,478	6,796	$58,796	$399,577,616	16,150	12,419	6,776	$67,335	$456,261,960
Hancock	11,816	9,087	4,808	$54,801	$263,483,208	11,597	8,941	4,748	$61,827	$293,554,596
Humboldt	10,112	7,958	4,279	$56,600	$242,191,400	9,925	7,821	4,223	$63,965	$270,124,195
Ida	7,250	5,670	3,085	$54,962	$169,557,770	6,902	5,425	2,967	$62,988	$186,885,396
Kossuth	16,022	12,529	6,738	$50,504	$340,295,952	15,329	12,033	6,503	$56,954	$370,371,862
Lyon	11,594	8,672	4,513	$52,145	$235,330,385	11,499	8,601	4,520	$58,612	$264,926,240
Monona	9,503	7,564	4,094	$51,368	$210,300,592	9,130	7,313	3,954	$58,702	$232,107,708
O'Brien	14,589	11,306	5,920	$52,687	$311,907,040	14,257	11,063	5,818	$60,560	$352,338,080
Osceola	6,650	5,101	2,701	$50,828	$137,286,428	6,413	4,932	2,618	$57,325	$150,076,850
Palo Alto	9,726	7,693	4,057	$53,995	$219,057,715	9,430	7,478	3,964	$62,075	$246,065,300
Plymouth	25,358	18,993	9,847	$63,016	$620,518,552	25,629	19,299	10,023	$70,353	$705,148,119
Pocahontas	7,863	6,235	3,371	$51,050	$172,089,550	7,425	5,940	3,204	$57,472	$184,140,288
Sac	10,829	8,468	4,592	$49,393	$226,812,656	10,477	8,203	4,475	$56,106	$251,074,350
Sioux	32,806	24,834	11,317	$56,375	$637,995,875	33,442	25,249	11,644	$63,631	$740,919,364
Story	84,575	69,690	32,523	$64,950	$2,112,368,850	87,671	72,504	34,091	$75,519	$2,574,518,229
Webster	39,306	30,619	15,773	$57,421	$905,701,433	38,531	30,208	15,532	$67,435	$1,047,400,420
Winnebago	11,324	8,946	4,732	$56,546	$267,575,672	11,083	8,789	4,660	$65,514	$305,295,240
Woodbury	103,183	76,252	39,444	$63,229	$2,494,004,676	102,961	76,500	39,431	$75,298	$2,969,075,438
Wright	13,600	10,649	5,739	$55,610	$319,145,790	13,209	10,422	5,583	$63,879	$356,636,457
NW Iowa Subtotal/Average	**605,359**	**469,584**	**241,048**	**$58,171**	**$14,022,123,669**	**603,569**	**470,281**	**241,644**	**$67,323**	**$16,268,319,131**

Source: ESRI Business Information Solutions

Table 7 (Cont'd) Population and Income Growth Trends, 2008-2013 Iowa Gaming Market (Iowa and Selected Counties in Adjacent States)										
	2008					2013				
Northeast Iowa Counties										
Allamakee	15,169	11,710	6,068	$49,525	$300,517,700	15,509	11,973	6,243	$55,264	$345,013,152
Benton	27,239	20,593	10,674	$59,552	$635,658,048	28,253	21,501	11,114	$67,127	$746,049,478
Black Hawk	128,573	101,187	51,522	$61,602	$3,173,858,244	129,627	102,665	52,271	$72,629	$3,796,390,459
Bremer	24,702	19,416	9,633	$61,454	$591,986,382	25,464	20,117	10,020	$70,102	$702,422,040
Buchanan	21,092	15,714	8,168	$57,889	$472,837,352	21,109	15,705	8,241	$64,522	$531,725,802
Butler	15,133	11,849	6,329	$52,113	$329,823,177	15,046	11,826	6,354	$58,923	$374,396,742
Cerro Gordo	44,732	35,025	19,178	$59,237	$1,136,047,186	43,665	34,495	18,810	$70,566	$1,327,346,460
Chickasaw	12,714	9,777	5,222	$53,812	$281,006,264	12,534	9,689	5,194	$61,345	$318,625,930
Clayton	18,743	14,545	7,668	$50,041	$383,714,388	18,743	14,582	7,745	$56,361	$436,515,945
Clinton	49,897	38,321	20,586	$55,195	$1,136,244,270	49,833	38,521	20,720	$63,511	$1,315,947,920
Delaware	18,115	13,568	6,931	$55,312	$383,367,472	17,800	13,386	6,874	$61,966	$425,954,284
Dubuque	93,983	71,897	36,632	$63,923	$2,341,627,336	97,898	75,088	38,680	$74,128	$2,867,271,040
Fayette	21,295	16,546	8,727	$51,244	$447,206,388	20,854	16,266	8,605	$59,021	$507,875,705
Franklin	10,545	8,299	4,359	$56,034	$244,252,206	10,458	8,251	4,337	$63,876	$277,030,212
Floyd	16,659	12,861	6,923	$52,631	$364,364,413	16,555	12,814	6,919	$59,968	$414,918,592
Grundy	12,579	9,887	5,180	$57,168	$296,130,240	12,673	10,024	5,239	$65,072	$340,912,208
Hardin	18,246	14,159	7,534	$53,328	$401,773,152	17,902	13,910	7,414	$60,817	$450,897,238
Howard	9,675	7,430	3,958	$51,553	$204,046,774	9,524	7,295	3,913	$58,088	$227,298,344
Jackson	20,444	15,742	8,443	$50,152	$423,433,336	20,623	15,983	8,610	$56,503	$486,490,830
Jones	20,430	16,099	7,873	$55,764	$439,029,972	20,554	16,320	8,005	$64,176	$513,728,880
Linn	208,125	157,343	86,103	$72,729	$6,262,185,087	219,098	166,514	91,471	$86,387	$7,901,905,277
Marshall	39,881	30,708	15,757	$58,536	$922,351,752	40,155	31,120	15,889	$67,806	$1,077,369,534
Mitchell	10,836	8,225	4,350	$50,440	$219,414,000	10,819	8,255	4,356	$56,896	$247,838,976
Tama	18,228	13,780	7,187	$54,550	$392,050,850	18,310	13,861	7,234	$62,169	$449,730,546
Winneshiek	21,581	17,351	8,112	$55,722	$452,016,864	21,711	17,499	8,248	$62,079	$512,027,592
Worth	7,693	5,977	3,262	$50,117	$163,481,654	7,553	5,906	3,219	$56,518	$181,931,442
NE Iowa Subtotal/Average	**906,309**	**698,009**	**366,379**	**$61,135**	**$22,398,424,507**	**922,270**	**713,565**	**375,725**	**$71,269**	**$26,777,614,628**

Source: ESRI Business Information Solutions

	2008					2013				
	Total Pop.	Adults	Households	Avg. HH Income	Total Income	Total Pop.	Adults	Households	Avg. HH Income	Total Income
Southwest Iowa Counties										
Adair	7,892	6,227	3,326	$50,807	$168,984,082	7,612	6,021	3,219	$57,335	$184,561,365
Adams	4,190	3,285	1,781	$45,288	$80,657,928	4,006	3,153	1,708	$50,827	$86,812,516
Audubon	6,621	5,131	2,739	$52,096	$142,690,944	6,495	5,047	2,695	$59,607	$160,640,865
Cass	14,397	11,417	6,156	$49,447	$304,395,732	14,181	11,302	6,097	$56,128	$342,212,416
Clarke	9,293	7,128	3,661	$50,943	$186,502,323	9,361	7,208	3,686	$57,360	$211,428,960
Dallas	59,960	43,111	23,434	$77,387	$1,813,486,958	77,512	55,809	30,432	$90,766	$2,762,190,912
Decatur	8,575	6,774	3,325	$44,686	$148,580,950	8,496	6,720	3,298	$50,887	$167,825,326
Fremont	7,841	6,147	3,209	$54,316	$174,300,044	7,739	6,091	3,183	$61,199	$194,796,417
Guthrie	11,662	9,143	4,896	$57,875	$283,356,000	11,846	9,335	4,995	$66,427	$331,802,865
Harrison	15,982	12,274	6,377	$54,771	$349,274,667	16,155	12,504	6,475	$62,011	$401,521,225
Madison	15,930	11,932	6,203	$61,078	$378,866,834	17,414	13,095	6,806	$69,356	$472,036,936
Mills	15,508	11,895	5,841	$62,391	$364,425,831	16,389	12,685	6,217	$71,184	$442,550,928
Montgomery	11,230	8,692	4,740	$48,776	$231,198,240	10,923	8,531	4,620	$55,300	$255,486,000
Page	16,302	12,813	6,556	$53,225	$348,943,100	15,836	12,510	6,401	$61,126	$391,267,526
Polk	421,934	315,607	172,266	$77,032	$13,269,994,512	459,195	345,315	188,457	$92,829	$17,494,274,853
Pottawattamie	92,123	70,290	36,407	$63,826	$2,323,713,182	94,389	72,585	37,540	$75,526	$2,835,246,040
Ringgold	5,372	4,206	2,244	$43,723	$98,114,412	5,299	4,128	2,218	$49,260	$109,258,680
Shelby	12,661	9,749	5,157	$53,703	$276,946,371	12,309	9,539	5,048	$60,338	$304,586,224
Taylor	6,604	5,131	2,736	$46,517	$127,270,512	6,411	4,981	2,663	$52,810	$140,633,030
Union	11,996	9,465	5,282	$49,650	$262,251,300	11,810	9,342	5,252	$56,715	$297,867,180
Warren	45,284	34,235	16,894	$70,201	$1,185,975,694	48,584	36,827	18,317	$80,034	$1,465,982,778
SW Iowa Subtotal/Average	**801,357**	**604,652**	**323,230**	**$69,672**	**$22,519,929,616**	**861,962**	**652,727**	**349,327**	**$83,168**	**$29,052,983,042**
Southeast Iowa Counties										
Appanoose	13,402	10,547	5,803	$43,666	$253,393,798	13,208	10,448	5,757	$49,714	$286,203,498
Cedar	18,728	14,477	7,545	$57,383	$432,954,735	19,073	14,801	7,730	$64,487	$498,484,510
Davis	8,689	6,508	3,324	$47,048	$156,387,552	8,787	6,538	3,372	$52,459	$176,891,748
Des Moines	40,990	31,890	17,131	$59,260	$1,015,183,060	40,121	31,375	16,881	$69,177	$1,167,776,937
Henry	20,491	15,942	7,807	$55,683	$434,717,181	20,478	16,014	7,840	$63,666	$499,141,440
Iowa	16,367	12,488	6,544	$56,271	$368,237,424	16,772	12,931	6,727	$63,086	$424,379,522
Jasper	37,281	28,855	15,104	$60,763	$917,764,352	37,266	28,993	15,208	$69,418	$1,055,708,944
Jefferson	15,869	12,679	6,683	$57,935	$387,179,605	15,668	12,628	6,641	$65,896	$437,615,336
Johnson	124,015	100,080	51,700	$71,759	$3,709,940,300	131,885	106,959	55,686	$85,449	$4,758,313,014
Keokuk	11,115	8,536	4,587	$50,778	$232,918,686	10,930	8,427	4,534	$57,522	$260,804,748
Lee	36,491	28,791	14,896	$56,962	$848,505,952	35,522	28,204	14,591	$65,867	$961,065,397
Louisa	11,949	8,794	4,486	$56,013	$251,274,318	11,784	8,697	4,428	$64,129	$283,963,212
Lucas	9,452	7,316	3,837	$46,376	$177,944,712	9,465	7,373	3,837	$52,406	$201,081,822
Mahaska	22,346	17,139	9,091	$56,051	$509,559,641	22,511	17,311	9,210	$64,561	$594,606,810
Marion	33,834	26,424	12,988	$60,542	$786,319,496	34,852	27,324	13,468	$68,515	$922,760,020
Monroe	7,794	5,978	3,214	$50,939	$163,717,946	7,662	5,877	3,174	$57,435	$182,298,690
Muscatine	43,787	32,972	17,102	$64,730	$1,107,012,460	45,342	34,460	17,820	$75,703	$1,349,027,460
Poweshiek	19,332	15,485	7,831	$56,721	$444,182,151	19,574	15,777	8,024	$64,454	$517,178,896
Scott	164,686	124,503	66,165	$68,092	$4,505,307,180	169,158	128,898	68,464	$80,641	$5,521,005,424
Van Buren	7,974	6,252	3,325	$44,898	$149,285,850	8,179	6,437	3,431	$50,255	$172,424,905
Wapello	36,395	28,643	15,237	$50,560	$770,382,720	36,765	29,155	15,459	$58,472	$903,918,648
Washington	21,564	16,367	8,621	$54,979	$473,973,959	22,093	16,835	8,879	$62,452	$554,511,308
Wayne	6,439	5,100	2,756	$46,005	$126,789,780	6,280	4,986	2,694	$52,418	$141,214,092
SE Iowa Subtotal/Average	**728,990**	**565,768**	**295,777**	**$61,610**	**$18,222,932,858**	**743,375**	**580,446**	**303,855**	**$71,976**	**$21,870,376,381**
Iowa Total	**3,042,015**	**2,338,012**	**1,226,434**	**$62,917**	**$77,163,410,650**	**3,131,176**	**2,417,020**	**1,270,551**	**$73,959**	**$93,969,293,182**

Source: ESRI Business Information Solutions

	2008					2013				
	Total Pop.	Adults	Households	Avg. HH Income	Total Income	Total Pop.	Adults	Households	Avg. HH Income	Total Income
Surrounding Areas										
NE Missouri	**68,226**	**53,762**	**27,474**	**$45,176**	**$1,241,165,424**	**68,201**	**53,742**	**27,510**	**$51,254**	**$1,409,997,540**
Adair	24,964	20,421	9,729	$49,765	$484,163,685	24,875	20,398	9,721	$57,789	$561,766,869
Clark	7,392	5,707	3,016	$44,999	$135,716,984	7,360	5,682	3,028	$50,033	$151,499,924
Grundy	10,532	8,268	4,463	$43,220	$192,890,860	10,748	8,448	4,575	$48,152	$220,295,400
Mercer	3,646	2,902	1,550	$41,616	$64,504,800	3,582	2,841	1,523	$45,204	$68,845,692
Putnam	5,244	4,096	2,227	$39,477	$87,915,279	5,235	4,068	2,220	$44,336	$98,425,920
Schuyler	4,411	3,423	1,831	$44,038	$80,633,578	4,550	3,526	1,892	$49,498	$93,650,216
Scotland	5,004	3,693	1,857	$44,873	$83,329,161	5,022	3,676	1,849	$50,805	$93,938,445
Sullivan	7,033	5,275	2,801	$39,999	$112,037,199	6,829	5,088	2,702	$45,006	$121,606,212
NW Missouri	**45,914**	**36,731**	**18,201**	**$45,680**	**$831,421,680**	**45,691**	**36,553**	**18,177**	**$51,385**	**$934,025,145**
Atchison	6,038	4,806	2,584	$47,081	$121,657,304	5,819	4,673	2,500	$52,712	$131,780,000
Gentry	6,566	5,023	2,609	$45,310	$118,213,790	6,365	4,863	2,522	$50,881	$128,321,882
Harrison	8,944	6,896	3,664	$39,573	$144,995,472	9,083	6,921	3,711	$43,868	$162,794,148
Nodaway	22,120	18,249	8,401	$48,631	$408,549,031	22,251	18,402	8,534	$55,074	$470,001,516
Worth	2,246	1,777	943	$40,308	$38,010,444	2,173	1,714	910	$45,205	$41,136,550
Western Illinios	**1,095,834**	**847,080**	**433,471**	**$61,328**	**$26,583,909,488**	**1,113,495**	**866,299**	**441,873**	**$67,378**	**$29,772,518,994**
Bureau	35,260	27,468	14,297	$60,794	$869,171,818	35,065	27,421	14,296	$66,598	$952,085,008
Carroll	16,454	12,999	6,798	$56,778	$385,976,844	16,239	12,894	6,743	$61,207	$412,718,801
Fulton	37,995	30,396	14,939	$50,999	$761,874,061	23,548	18,744	10,182	$66,532	$677,428,824
Hancock	19,448	15,306	7,870	$51,990	$409,161,300	19,027	15,050	7,723	$56,254	$434,449,642
Henderson	8,055	6,388	3,345	$49,397	$165,232,965	7,881	6,218	3,289	$52,857	$173,846,673
Henry	50,761	39,391	20,227	$57,811	$1,169,343,097	50,618	39,533	20,271	$62,927	$1,275,593,217
Jo Daviess	23,044	18,274	9,840	$61,547	$605,622,480	23,548	18,744	10,182	$66,532	$677,428,824
Knox	53,398	42,558	21,390	$54,009	$1,155,252,510	51,828	41,514	20,831	$59,206	$1,233,320,186
La Salle	114,531	87,960	45,345	$60,612	$2,748,451,140	116,476	89,919	46,292	$66,697	$3,087,537,524
Lee	35,872	28,195	13,519	$62,141	$840,084,179	35,802	28,391	13,573	$68,706	$932,546,538
Mcdonough	32,912	27,350	12,390	$47,850	$592,861,500	32,373	27,031	12,219	$51,715	$631,905,585
Mercer	17,206	13,438	6,808	$56,690	$385,945,520	17,266	13,554	6,863	$61,708	$423,502,004
Ogle	55,705	41,890	21,216	$67,437	$1,430,743,392	58,757	44,655	22,444	$74,114	$1,663,414,616
Putnam	6,290	4,887	2,534	$62,068	$157,280,312	6,345	4,936	2,570	$67,883	$174,459,310
Rock Island	148,050	115,775	60,791	$60,359	$3,669,283,969	147,323	115,943	60,727	$66,231	$4,022,009,937
Schuyler	7,074	5,581	2,971	$48,729	$144,773,859	6,990	5,522	2,952	$51,721	$152,680,392
Stark	6,267	4,813	2,540	$49,678	$126,182,120	6,284	4,820	2,563	$53,714	$137,668,982
Stephenson	47,634	36,869	19,489	$59,462	$1,158,854,918	46,689	36,464	19,189	$65,024	$1,247,745,536
Warren	18,376	14,646	7,074	$52,984	$374,808,816	18,165	14,550	7,007	$57,889	$405,628,223
Whiteside	60,076	46,439	23,848	$61,841	$1,474,784,168	59,765	46,497	23,871	$68,545	$1,636,237,695
Winnebago	301,426	226,672	116,240	$68,462	$7,958,022,880	319,223	241,971	123,337	$75,174	$9,271,735,638
SW Wisconsin	**350,149**	**270,665**	**139,435**	**$58,004**	**$8,087,787,740**	**360,124**	**280,176**	**144,855**	**$66,924**	**$9,694,276,020**
Crawford	17,489	13,397	6,995	$51,867	$362,809,665	17,484	13,428	7,077	$58,815	$416,233,755
Grant	50,377	39,999	19,434	$52,894	$1,027,941,996	50,821	40,606	19,879	$60,949	$1,211,605,171
Green	36,874	28,061	14,898	$64,780	$965,092,440	38,817	29,773	15,808	$74,968	$1,185,094,144
Iowa	24,685	18,612	9,828	$60,876	$598,289,328	25,719	19,521	10,346	$69,350	$717,495,100
La Crosse	112,031	87,944	45,278	$64,105	$2,902,546,190	114,994	90,845	46,951	$75,594	$3,549,213,894
Lafayette	16,580	12,750	6,606	$51,474	$340,037,244	16,811	12,961	6,770	$56,946	$385,524,420
Monroe	44,105	33,167	17,141	$53,999	$925,596,859	46,353	34,997	18,179	$61,134	$1,111,354,986
Richland	18,351	14,424	7,561	$52,131	$394,162,491	18,570	14,689	7,739	$59,175	$457,955,325
Vernon	29,657	22,450	11,694	$48,851	$571,263,594	30,555	23,252	12,106	$54,497	$659,740,682

Source: ESRI Business Information Solutions

	2008					2013				
	Total Pop.	Adults	Households	Avg. HH Income	Total Income	Total Pop.	Adults	Households	Avg. HH Income	Total Income
Surrounding Areas										
SE Minnesota	**365,665**	**278,271**	**143,886**	**$72,314**	**$10,404,972,204**	**382,957**	**292,962**	**151,581**	**$83,770**	**$12,697,940,370**
Dodge	20,588	14,926	7,595	$67,228	$510,596,660	22,487	16,371	8,347	$75,592	$630,966,424
Fillmore	21,852	16,870	8,703	$54,635	$475,488,405	22,131	17,152	8,875	$61,098	$542,244,750
Freeborn	31,759	24,899	13,312	$55,593	$740,054,016	31,143	24,447	13,144	$62,911	$826,902,184
Houston	19,987	15,350	7,919	$60,684	$480,556,596	20,085	15,626	8,025	$68,284	$547,979,100
Mower	39,082	30,132	15,963	$60,171	$960,509,673	39,344	30,492	16,108	$68,484	$1,103,140,272
Olmsted	144,355	107,689	56,458	$90,415	$5,104,650,070	157,440	118,395	61,967	$105,819	$6,557,285,973
Steele	37,471	28,028	14,568	$67,054	$976,842,672	39,999	30,119	15,651	$75,130	$1,175,859,630
Winona	50,571	40,356	19,368	$59,702	$1,156,308,336	50,328	40,313	19,464	$67,489	$1,313,605,896
SW Minnesota	**225,799**	**176,801**	**90,381**	**$56,272**	**$5,085,919,632**	**225,684**	**177,388**	**90,960**	**$63,524**	**$5,778,143,040**
Blue Earth	61,096	49,182	23,855	$61,662	$1,470,947,010	64,015	51,660	25,313	$70,148	$1,775,656,324
Brown	26,394	20,693	10,712	$60,589	$649,029,368	26,117	20,606	10,684	$68,609	$733,018,556
Cottonwood	11,802	9,194	4,846	$49,029	$237,594,534	11,516	9,006	4,746	$54,246	$257,451,516
Faribault	15,249	12,062	6,390	$49,382	$315,550,980	14,655	11,636	6,174	$54,659	$337,464,666
Jackson	11,052	8,742	4,570	$51,096	$233,508,720	10,921	8,682	4,551	$57,751	$262,824,801
Martin	20,939	16,521	8,928	$53,864	$480,897,792	20,326	16,159	8,735	$60,132	$525,253,020
Murray	8,743	6,872	3,648	$50,726	$185,048,448	8,477	6,697	3,566	$56,193	$200,384,238
Nobles	20,567	15,528	7,883	$55,634	$438,562,822	20,345	15,381	7,794	$62,986	$490,912,884
Pipestone	9,390	7,305	3,970	$47,812	$189,813,640	9,090	7,099	3,879	$53,540	$207,681,660
Rock	9,479	7,289	3,836	$54,949	$210,784,364	9,319	7,176	3,799	$61,769	$234,660,431
Waseca	19,821	15,104	7,308	$60,079	$439,057,332	20,001	15,201	7,422	$66,906	$496,576,332
Watonwan	11,267	8,338	4,435	$53,010	$235,099,350	10,902	8,046	4,297	$59,633	$256,243,001
SE South Dakota	**385,297**	**294,752**	**152,434**	**64,013**	**$9,757,757,642**	**415,350**	**318,989**	**165,413**	**76,307**	**$12,622,169,791**
Bon Homme	7,365	5,907	2,607	$42,835	$111,670,845	7,177	5,763	2,543	$47,685	$121,262,955
Brookings	29,581	24,079	11,483	58,132	$667,529,756	30,066	24,504	11,805	65,820	$777,005,100
Charles Mix	9,343	6,643	3,411	$38,378	$130,907,358	9,327	6,697	3,415	$42,702	$145,827,330
Clay	13,149	10,848	4,868	48,880	$237,947,840	12,875	10,673	4,786	56,545	$270,624,370
Davison	19,360	14,830	8,062	58,082	$468,257,084	19,805	15,250	8,307	66,751	$554,500,557
Douglas	3,214	2,452	1,279	$42,645	$54,542,955	3,044	2,326	1,224	$47,399	$58,016,376
Hanson	3,605	2,599	1,302	50,259	$65,437,218	3,906	2,820	1,412	55,238	$77,996,056
Hutchinson	7,806	6,050	3,162	45,648	$144,338,976	7,806	6,050	3,162	45,648	$144,338,976
Kingsbury	5,726	4,524	2,453	47,698	$117,003,194	7,554	5,854	3,071	50,947	$156,458,237
Lake	11,391	8,953	4,605	53,528	$246,496,440	11,616	9,165	4,740	60,781	$288,101,940
Lincoln	38,655	29,069	14,513	82,936	$1,203,650,168	51,253	38,850	19,385	103,704	$2,010,302,040
Mccook	6,138	4,542	2,366	50,421	$119,296,086	6,273	4,661	2,424	56,060	$135,889,440
Minnehaha	172,459	130,379	69,434	69,499	$4,825,593,566	188,053	142,920	76,288	82,271	$6,276,290,048
Miner	2,676	2,114	1,176	42,956	$50,516,256	2,562	2,027	1,140	47,959	$54,673,260
Moody	6,703	5,014	2,658	54,871	$145,847,118	6,830	5,150	2,732	61,909	$169,135,388
Sanborn	2,568	2,018	1,036	54,298	$56,252,728	2,489	1,949	1,013	60,873	$61,664,349
Turner	9,010	6,956	3,675	52,769	$193,926,075	9,125	7,072	3,744	58,921	$220,600,224
Union	14,468	10,894	5,857	75,229	$440,616,253	15,693	11,848	6,405	88,968	$569,840,040
Yankton	22,080	16,980	8,487	56,309	$477,894,483	22,056	17,071	8,539	63,864	$545,334,696

Source: ESRI Business Information Solutions

	2008					2013				
	Total Pop.	Adults	Households	Avg. HH Income	Total Income	Total Pop.	Adults	Households	Avg. HH Income	Total Income
Surrounding Areas										
NE Nebraska	**264,387**	**199,083**	**101,917**	**$52,291**	**$5,329,341,847**	**263,898**	**199,243**	**102,024**	**$59,640**	**$6,084,711,360**
Antelope	7,022	5,351	2,847	$41,442	$117,985,374	6,733	5,097	2,748	$45,467	$124,943,316
Boone	5,835	4,382	2,324	46,300	$107,601,200	5,590	4,220	2,235	51,200	$114,432,000
Boyd	2,254	1,790	953	$37,865	$36,085,345	2,130	1,685	904	$41,908	$37,884,832
Burt	7,348	5,724	3,004	47,549	$142,837,196	7,046	5,496	2,883	52,767	$152,127,261
Cedar	9,020	6,747	3,479	$46,813	$162,862,427	8,590	6,451	3,336	$51,425	$171,553,800
Colfax	10,800	7,895	3,669	$49,947	$183,255,543	10,971	8,042	3,698	$55,902	$206,725,596
Cuming	9,784	7,397	3,834	$48,606	$186,355,404	9,466	7,118	3,718	$54,502	$202,638,436
Dakota	20,865	14,835	7,284	$59,982	$436,908,888	21,151	15,123	7,364	$70,476	$518,985,264
Dixon	6,266	4,775	2,404	$46,266	$111,223,464	6,249	4,749	2,400	$51,187	$122,848,800
Dodge	36,698	28,404	14,932	$55,379	$826,919,228	37,033	28,775	15,144	$63,945	$968,383,080
Garfield	1,762	1,415	774	$37,577	$29,084,598	1,681	1,363	745	$41,775	$31,122,375
Greeley	2,542	1,937	1,035	39,215	$40,587,525	2,413	1,834	991	43,187	$42,798,317
Holt	10,769	8,281	4,432	$44,315	$196,404,080	10,322	7,938	4,292	$48,489	$208,114,788
Knox	9,006	6,989	3,714	$39,116	$145,276,824	8,719	6,749	3,606	$42,878	$154,618,068
Madison	35,351	26,761	13,698	$53,075	$727,021,350	35,312	26,837	13,739	$61,107	$839,549,073
Pierce	7,701	5,737	2,958	$49,595	$146,702,010	7,557	5,653	2,910	$54,717	$159,226,470
Platte	32,027	23,636	12,500	$57,734	$721,675,000	32,660	24,201	12,841	$66,507	$854,016,387
Stanton	6,670	4,922	2,426	$50,270	$121,955,020	6,811	5,040	2,494	$55,519	$138,464,386
Thurston	7,427	4,872	2,308	$41,601	$96,015,108	7,582	4,959	2,342	$47,141	$110,404,222
Valley	4,477	3,501	1,924	$40,852	$78,599,248	4,356	3,393	1,879	$44,832	$84,239,328
Washington	20,462	15,531	7,693	$68,848	$529,647,664	21,447	16,386	8,108	$78,396	$635,634,768
Wayne	9,494	7,633	3,392	$50,351	$170,790,592	9,299	7,504	3,321	$57,692	$191,595,132
Wheeler	807	586	333	$40,601	$13,520,133	780	553	326	$44,256	$14,427,456

Source: ESRI Business Information Solutions

	2008					2013				
	Total Pop.	Adults	Households	Avg. HH Income	Total Income	Total Pop.	Adults	Households	Avg. HH Income	Total Income
Surrounding Areas										
SE Nebraska	1,305,728	984,519	513,871	$68,844	$35,376,935,124	1,376,309	1,043,242	544,222	$81,859	$44,549,468,698
Adams	32,978	25,657	12,930	$57,585	$744,574,050	34,295	26,887	13,471	$68,114	$917,563,694
Buffalo	45,604	35,024	17,564	$55,916	$982,108,624	47,517	36,588	18,433	$64,624	$1,191,214,192
Butler	8,702	6,561	3,464	$48,882	$169,327,248	8,594	6,428	3,439	$53,707	$184,698,373
Cass	26,649	20,013	10,232	$66,355	$678,944,360	28,023	21,157	10,821	$75,905	$821,368,005
Clay	7,062	5,388	2,800	$48,728	$136,438,400	7,093	5,398	2,821	$53,333	$150,452,393
Douglas	506,013	375,968	200,166	$75,480	$15,108,529,680	534,527	399,292	212,239	$90,763	$19,263,448,357
Fillmore	6,327	4,828	2,604	$48,309	$125,796,636	6,115	4,660	2,524	$54,100	$136,548,400
Gage	23,512	18,339	9,694	$50,984	$494,238,896	23,794	18,607	9,858	$58,444	$576,140,952
Hall	55,920	41,549	21,428	$57,465	$1,231,360,020	57,798	43,117	22,169	$66,997	$1,485,256,493
Hamilton	9,634	7,168	3,638	$56,817	$206,700,246	9,754	7,306	3,694	$64,357	$237,734,758
Howard	6,939	5,315	2,726	$47,547	$129,613,122	7,145	5,480	2,815	$53,380	$150,264,700
Jefferson	7,866	6,285	3,388	$47,710	$161,641,480	7,592	6,058	3,284	$53,104	$174,393,536
Johnson	4,792	3,858	1,889	$45,467	$85,887,163	4,738	3,819	1,870	$50,053	$93,599,110
Kearney	6,708	5,145	2,609	$53,116	$138,579,644	6,585	5,051	2,567	$58,502	$150,174,634
Lancaster	275,223	213,848	111,454	$69,135	$7,705,372,290	289,409	225,739	117,980	$81,913	$9,664,095,740
Merrick	8,068	6,107	3,208	$48,019	$154,044,952	7,995	6,084	3,193	$54,023	$172,495,439
Nance	3,752	2,878	1,495	$46,631	$69,713,345	3,581	2,761	1,435	$51,912	$74,493,720
Nemaha	7,336	5,957	3,014	$50,935	$153,518,090	7,205	5,915	2,978	$57,426	$171,014,628
Otoe	16,134	12,343	6,390	$54,535	$348,478,650	16,578	12,715	6,568	$61,657	$404,963,176
Pawnee	2,887	2,292	1,272	$42,880	$54,543,360	2,765	2,190	1,222	$47,415	$57,941,130
Polk	5,594	4,369	2,280	$50,750	$115,710,000	5,555	4,338	2,275	$56,522	$128,587,550
Richardson	8,870	6,919	3,752	$42,555	$159,666,360	8,480	6,674	3,591	$47,377	$170,130,807
Saline	14,247	10,970	5,384	$52,174	$280,904,816	14,522	11,196	5,488	$58,658	$321,915,104
Sarpy	153,332	110,246	56,431	$81,606	$4,605,108,186	174,529	126,708	65,077	$96,931	$6,307,978,687
Saunders	21,231	16,051	8,153	$58,216	$474,635,048	21,928	16,709	8,454	$65,914	$557,236,956
Seward	17,204	13,591	6,396	$60,935	$389,740,260	17,505	13,899	6,569	$69,866	$458,949,754
Sherman	3,196	2,531	1,399	$39,490	$55,246,510	3,131	2,477	1,388	$43,586	$60,497,368
Thayer	5,511	4,321	2,359	$44,366	$104,659,394	5,150	4,022	2,215	$49,181	$108,935,915
York	14,437	11,261	5,752	$54,199	$311,752,648	14,406	11,309	5,784	$61,778	$357,323,952
Surrounding Area Subtotal/Average	**4,106,999**	**3,141,664**	**1,621,070**	**$63,353**	**102,699,210,781**	**4,251,709**	**3,268,595**	**1,686,615**	**$73,249**	**123,543,250,958**
Total Market Area	**7,149,014**	**5,479,677**	**2,847,504**	**$63,165**	**$179,862,621,431**	**7,382,885**	**5,685,614**	**2,957,166**	**$73,554**	**$217,512,544,140**

Source: ESRI Business Information Solutions

The following are key points from our review of population and income growth data. Demographic data and projections are from *ESRI Business Information Solutions*, a national econometric forecasting firm.

- Iowa's population has grown from 2.92 million in 2000 to 3.16 million in 2008, reflecting a modest annual growth rate of 0.8%. Iowa casinos attract regular visitation also from persons residing within a reasonable driving distance in neighboring states. These areas add an estimated 4.1 million persons to the Iowa gaming market. **In total, the population residing within the primary draw area of Iowa's casinos was estimated at 7.15 million persons, including 5.48 million adults.**

- Modest growth is forecast for the market area, particularly within the State of Iowa. Between 2008 and 2013 the market area is forecast to grow from 7.15 million residents to an estimated 7.38 million, reflecting an addition of 234,000 persons during this 5-year timeframe. **The annual population growth rate is projected to be approximately 0.7%.**

- The State of Iowa is forecast to add only about 90,000 persons between 2008 and 2013. **Southwest Iowa** is expected to account for most of this growth, adding an estimated 60,600 residents. Polk County (Des Moines) is forecast to add 37,000 residents between 2008 and 2013.

- **Southeast Nebraska** is forecast to grow by 70,000 residents over the next five years, with the Omaha area (Sarpy and Douglas Counties) accounting for about 70% of this growth, or 50,000 new residents.

- **Southeast South Dakota** is also expected to see considerable growth, adding 30,000 new residents between 2008 and 2013. The Sioux Falls area (Minnehaha and Lincoln Counties) is expected to account for nearly all of this growth, adding an estimated 28,000 residents.

- **The average household income within the State of Iowa was estimated at $62,917 in 2008.** Household incomes vary somewhat throughout Iowa, although generally incomes are higher within the State's urban areas. The average income in Northwest Iowa is the lowest among the four quadrants analyzed, at $58,171, while Southwest Iowa, which includes Des Moines, had the highest average income at $69,672. At $77,032, the average household income in Polk County was by far the highest among Iowa counties.

- Household incomes tend to be considerably lower throughout Northern Missouri. However, incomes in other peripheral markets are generally comparable to or slightly higher as compared to Iowa. The Sioux Falls metro market (Minnehaha and Lincoln Counties) has a relatively high average household income, at more than $72,000/year.

- Total personal income within the primary draw area of Iowa casinos is estimated at $179.9 billion in 2008. Household income growth is forecast to outpace the population growth rate in this region. As such, **total personal income is projected to grow to more than $217.5 billion in 2013. This reflects an annual growth rate of approximately 4.2%.**

The Iowa Economy

The Iowa economy has weathered a national economic recession much better than most states. In fact, according to the U.S. Bureau of Labor Statistics, Iowa's March 2009 unemployment rate of 5.2% was the fifth lowest in the United States. Certainly Iowa has felt the effects of the ongoing recession, as unemployment has increased by 120 basis points over the past twelve months. Nonetheless, Iowa has traditionally sustained lower unemployment than most states, even in times of stress. The table below shows unemployment rates for Iowa and its MSAs for the past five years (March data), in comparison with the U.S. unemployment rate in each year.

Table 8

Historical Iowa Unemployment Rates
2005-2009 (March)

	Unemployment Rate by Year (as of March)				
	2005	2006	2007	2008	2009
Metropolitan Area					
Des Moines	4.4%	3.8%	3.6%	4.0%	5.2%
Omaha-Council Bluffs	4.3%	3.4%	3.3%	3.7%	5.1%
Dubuque	5.1%	2.3%	4.6%	4.6%	6.5%
Waterloo-Cedar Falls	4.8%	4.2%	3.8%	4.0%	5.2%
Iowa City	3.5%	3.0%	2.8%	2.8%	3.6%
Cedar Rapids	5.0%	5.9%	4.0%	4.0%	5.4%
Sioux City	5.6%	4.4%	4.2%	3.8%	5.0%
Quad Cities	4.7%	4.3%	5.2%	7.2%	7.4%
State of Iowa	4.5%	3.8%	3.7%	4.0%	5.2%
United States	5.2%	4.7%	4.5%	5.0%	8.5%

Sources: Iowa Workforce Center; U.S. Bureau of Labor Statistics

Although unemployment has risen over the past year, the State of Iowa and each of its MSA's have an unemployment rate which remains well below the U.S. unemployment rate of 8.5%. Iowa City maintains one of the lowest unemployment rates in the country, at 3.6%. Only Dubuque (6.5%) and the Quad Cities (7.4%) reported unemployment rates over 6.0% in March 2009.

Regional and national economists have noted that Iowa historically has sustained a fairly stable economy, not experiencing periods of rapid growth or declines. Iowa's housing market wasn't overbuilt in recent years, and its banks didn't have significant exposure to real estate and bad mortgages. Manufacturing has held up relatively well in Iowa, although some have suffered. Losses in some areas have been offset partly by gains in other sub-sectors.

The current ongoing U.S. recession has led to major job losses throughout the country. In Iowa, non-farm employment has dropped by only 1.5% over the past year (about 22,000 jobs). The professional and business services sector has shed more than 9,000 jobs. There have also been considerable losses within the manufacturing sector, generally in manufacturing of durable goods. Nonetheless, while makers of machinery have suffered, Iowa's food processors have fared quite well for the past several months. Meanwhile, corn has hovered around $4 a bushel, more than 75% higher than the 20-year average.

Our review of regional and statewide economic data and reports by various economists suggest that Iowa will likely see modest job losses and a rise in its unemployment rate during 2009. However, as in past recessions, Iowa is well positioned for recovery, which is forecast to begin in 2010, with sustained moderate expansion thereafter.

Key Conclusions: Demography & Economics

Iowa's gaming market has fared relatively well in comparison with many markets around the United States, mirroring the Iowa economy as a whole, which continues to weather the ongoing recession much better than most states. From our analysis of growth trends and key economic indicators we would expect Iowa gaming revenues to remain relatively flat over the next 12 to 18 months, with a period of modest expansion following, generally tied to population and income growth rates (assuming no new casino development during this time). Our gaming market forecast is detailed in the following section, which includes an "as is" scenario along with varied development scenarios featuring the addition of gaming facilities throughout the State.

IOWA GAMING MARKET PROJECTIONS

FY 2009

GVA Marquette Advisors first developed projections for FY 2009 (Jul-Jun) gaming revenues and admissions for each of Iowa's commercial casinos. Projections were based on our market analysis and review of 9 months YTD statistics for each facility as available through March 2009. Our projections for each casino are summarized on the table on the following page. The following points summarize our analysis and projections for FY 2009.

- Iowa's newest casinos are projected to see revenue gains in FY2009, ranging from modest (Isle-Waterloo +5.8%) to very significant (Diamond Jo +37.5% and Wild Rose-Clinton +51.2%). These recent casino projects have resulted in increases in gaming participation rates within their respective submarkets, as well as a redistribution of casino visitation and net win among Iowa's varied gaming venues. Generally, "same store" revenues are showing modest declines as a result of the ongoing economic recession, offset by gains at Iowa's newest casinos.

- Iowa gaming revenues are projected to be flat in FY2009, at approximately **$1.415 Billion.** Casino admissions are projected to decline by 3.7%, to 22,865,450 for the year. The decline in admissions is expected to be offset by the projected 3.3% increase in the average casino net win per patron from $60 to $62.

- **Wild Rose Casino – Emmetsburg** is projected to generate FY 2009 gaming revenue of $27,000,000, down approximately 1.8% from the prior year. Within the current economy, this casino has seen a more significant downturn in visitation. Due to the casino's remote location, casino customers are making fewer trips to the casino (admissions -8.8%). However, the decline in visitation in recent months has been largely offset by increases in the average spend per visit (+7.7%).

- **Argosy – Sioux City** is projected to see a very modest decline in gaming revenue from $57,500,000 in 2008 to $57,000,000 in 2009. Here also, visitation is off approximately 3.1%, offset partly by a 2.2% increase in the average spend per visit.

- Within the **Council Bluffs** market, FY2009 gaming revenue is expected to total $457,000,000, down 3.6% for the year. All three casinos are experiencing modest declines, with the most significant decline at Ameristar, where gaming revenues are expected to be off by -5.0%, compared to -3.1% and -2.7% at Harrah's and Horseshoe, respectively.

Table 9

Gaming Revenue and Win per Admission
Iowa Casinos, 2008 and 2009 (projected)

		Gaming Revenue			Total Admissions			Casino Net Win per Admission		
Casino	Location	FY2008	FY2009*	% Change	FY2008	FY2009*	% Change	FY2008	FY2009*	% Change
Wild Rose	Emmetsburg	$27,488,959	$27,000,000	-1.8%	593,602	541,196	-8.8%	$46	$50	7.7%
Argosy	Sioux City	$57,537,914	$57,000,000	-0.9%	1,123,261	1,088,991	-3.1%	$51	$52	2.2%
Ameristar	Council Bluffs	$178,899,018	$170,000,000	-5.0%	2,677,638	2,397,163	-10.5%	$67	$71	6.1%
Harrah's	Council Bluffs	$96,977,116	$94,000,000	-3.1%	1,560,194	1,460,469	-6.4%	$62	$64	3.5%
Horseshoe	Council Bluffs	$198,410,252	$193,000,000	-2.7%	2,735,731	2,608,747	-4.6%	$73	$74	2.0%
Diamond Jo	Northwood	$78,348,413	$78,000,000	-0.4%	1,319,178	1,239,079	-6.1%	$59	$63	6.0%
Prairie Meadows	Altoona	$192,942,938	$192,000,000	-0.5%	2,490,044	2,432,413	-2.3%	$77	$79	1.9%
Terribles	Osceola	$55,434,999	$51,000,000	-8.0%	991,055	841,656	-15.1%	$56	$61	8.3%
Isle	Waterloo	$76,577,583	$81,000,000	5.8%	1,777,746	1,543,687	-13.2%	$43	$52	21.8%
Riverside	Riverside	$86,141,986	$86,000,000	-0.2%	1,963,640	2,025,004	3.1%	$44	$42	-3.2%
Lady Luck	Marquette	$34,327,956	$32,000,000	-6.8%	428,745	390,401	-8.9%	$80	$82	2.4%
Diamond Jo	Dubuque	$40,375,188	$55,500,000	37.5%	708,290	986,651	39.3%	$57	$56	-1.3%
Greyhound Park	Dubuque	$71,620,436	$69,500,000	-3.0%	1,517,818	1,458,853	-3.9%	$47	$48	1.0%
Isle	Bettendorf	$96,563,711	$90,000,000	-6.8%	1,451,452	1,270,145	-12.5%	$67	$71	6.5%
Rhythmn City	Davenport	$56,663,557	$58,500,000	3.2%	947,343	953,567	0.7%	$60	$61	2.6%
Wild Rose	Clinton	$27,777,051	$42,000,000	51.2%	413,966	857,399	107.1%	$67	$49	-27.0%
Catfish Bend	Burlington	$39,290,774	$39,000,000	-0.7%	1,035,443	770,031	-25.6%	$38	$51	33.5%
TOTALS		**$1,415,377,851**	**$1,415,500,000**	**0.0%**	**23,735,146**	**22,865,451**	**-3.7%**	**$60**	**$62**	**3.8%**

**** FY 2009 projections by GVA Marquette Advisors based on market analysis and review of YTD (9 months) casino performance statistics***

Sources: IRGC; GVA Marquette Advisors

- **Diamond Jo-Northwood** is projected to see a 0.5% decline in gaming revenues to $78,000,000 in FY2009. Admissions are off about 6.0%, offset almost entirely by gains in the average spend per admission.

- **Prairie Meadows-Altoona** is expected to see a similar modest 0.5% decline in revenues, to $192,000,000 for FY2009. Admissions are off 2.3%, while the average win per admission is up 1.9%.

- **Terribles Lakeside Casino – Osceola** has seen a more significant decline, largely attributable to the economic recession and its distance from its key feeder market, that being Des Moines. Gamers are making fewer visits to this more distant casino. Visitation is off 15.1%, and FY2009 gaming revenue at Terribles is projected to decline 8.0% to $51,000,000 for the year.

- **Isle-Waterloo** is projected to generate FY2009 gaming revenue of $81,000,000, up 5.8% for the year. Interestingly, admissions at Waterloo are projected to be down by 13.2%, while the average casino win per admission is projected to increase by 21.8% from $43 to $52. From our analysis we believe this is attributable to an initial spike in casino visitation by locals during the casino's first months of operations. Initial visitation is often higher among locals who want to check out a new casino, then falling off slightly thereafter. The fact that the casino is generating a higher win per visit ($52 vs. $43 last year) is indicative that the casino's marketing efforts are beginning to take effect with respect to more distant markets.

- **Riverside Casino and Resort** is in its third year of operations and is projected to see relatively flat gaming revenues, at $86,000,000 for FY 2009. The casino continues to attract significant local play from the Iowa City area, as admissions are projected to increase by 3.1% for the year. The average win per visit remains relatively low, at $42. Although it offers a high quality gaming experience, with an appealing hotel, food and beverage and amenity package, the resort complex continues to lag in its efforts to attract gamers from more distant markets. The presence of well established casinos within the Quad Cities market is a barrier to Riverside there, and the new Jumers facility in Rock Island has also had some impact on Riverside's ability to draw from the east. Meanwhile, Isle-Waterloo provides strong competition to the north with respect to major markets such as Cedar Rapids, Cedar Falls and Waterloo.

- **Lady Luck Casino in Marquette** is projected to see a 6.8% decline in gaming revenues, to $32,000,000 for the year. The average spend per visit remains relatively high, at $82, although admissions are off nearly 9.0%. The Marquette facility has clearly been impacted by the economy and by developments such as Isle-Waterloo and the new Diamond Jo facility in Dubuque. Lady Luck offers an inferior facility compared to these newer venues, as well as a remote location related to key population centers.

- The **Dubuque** market has shown a strong response to the recently developed Diamond Jo casino in downtown, replacing the former riverboat facility. Here, the development of a high quality land based facility with an array of food and beverage options and regular entertainment has boosted overall gaming participation and casino visitation. Diamond Jo's revenues are projected to increase to more than $55,000,000 for FY2009, a 37.5% growth rate for the year. Meanwhile, the impact of this development upon Dubuque Greyhound Park has been modest. There, gaming revenue is projected to decline by just 3.0% to $69,500,000 for the year.

- The **Quad Cities** market has seen increasing competition resulting from a new land based Jumers facility at Rock Island, IL. This high quality resort facility has resulted in its further penetration of varied population centers in Illinois, and some other markets, along with a modest redistribution of casino patronage among locals. Isle-Bettendorf has seen a more significant impact from the Jumers development, as gaming revenues are projected to decline by 6.8% for the year. Meanwhile, Rhythm City, which depends more heavily on local play, is actually expected to see a 3.2% increase in gaming revenues for FY 2009.

- The **Wild Rose-Clinton** facility has been very well received in the eastern-Iowa market, also capturing significant play from neighboring Illinois. This land-based casino and hotel complex replaced the former Mississippi Belle riverboat in July of 2008. The former riverboat generated revenues of $27,800,000 in FY 2008, while the new resort casino is projected to capture $42,000,000 in gaming during its first year of operations. This represents a 51.2% increase for the year. Interestingly, the new casino has generated more than double the number of visits compared to the riverboat in its last year of operations, but a significantly lower average spend at $49 vs. $67 at the riverboat. It appears that the new casino has resulted in a significant increase in "local" gaming participation, with area residents making frequent visits to the casino but spending somewhat less than they may have per visit at the riverboat. This data also suggests that Wild Rose-Clinton will have to increase the utilization of its hotel to capture more significant patronage from more distant markets, notably Cedar Rapids to the west and Rockford and the Chicago area to the east.

- The **Catfish Bend Casino and Hotel** in Burlington is forecast to see fairly stable gaming revenues in FY 2009, at approximately $39,000,000. There, visitation is down significantly, from 1,035,000 in FY 2008 to a projected 770,000 in FY 2009. However, while casino patrons are making fewer trips to the casino, they are spending an average of 33% more per visit.

Iowa Casino Gaming Market Projections (2008-2013)

In order to facilitate the development of five-year casino gaming projections for each facility, we have first developed a model which effectively predicts the current (2008) level of admissions and net win for each casino in Iowa, including commercial and tribal casinos.

Our base year model predicts current (2008) performance levels (annual admission and gaming revenues) for each of Iowa's existing casinos considering the relative proximity to population, appropriate participation rates and frequency rates, the impact of "outside" demand components (tourism, etc), average spend estimates, and the respective competitive advantages and disadvantages of each casino due to location and facilities. Key to the development of the base model was our market analysis and review of player tracking information provided by Iowa's casino operators. Player tracking information is the basis for determining for each casino, where its casino customers are originating from. We analyzed zip code visitation and net win information for each casino, and then also aggregated this information at the county level for each complex.

To summarize, the base casino utilization and financial performance model is rooted in the base procedure as summarized below:

County Adult Population [4] x Participation Rate [5] = Total Casino Admissions

These casino visits were then distributed on a percentage basis among the various Iowa gaming venues, as well as competitive casinos available within adjacent states. Our market share allocations here too were based upon our review of actual casino visitation data as provided by Iowa's casino operators, and our separate knowledge and review of adjacent competitive facilities.

Total casino admissions from each county x Avg. Win per Admission [6] = Total Gaming Revenue

Our analysis of current market conditions and player tracking information shows that casino gaming participation rates (i.e. the avg. number of annual casino visits per adult resident) vary significantly throughout the Iowa gaming market, ranging from 2.0 or lower in areas which are distant from casino facilities to 6.0 to 10.0 in communities where one or more casinos are accessible within a short driving distance. Overall, the participation rate for the market area as a whole is estimated at 5.6 casino visits per adult per year, or about **30.7 million annual (2008) casino visits** from the market area's adult population base.

[4] Adult population estimates were obtained from ESRI Business Information Solutions, a national provider of demographic and economic data services and forecasting.

[5] Casino gaming participation rates were determined by our market analysis and casino visitation statistics by zip code and county as provided by Iowa casino operators.

[6] Average spend per visit was modeled based upon actual expenditure patterns by registered player club members at Iowa's casinos, in accordance with data provided by the casino operators. Average spend typically varies by county depending on the frequency of casino visits, the distance of that county from the casino being analyzed, and income levels within each county.

The overall average spend per casino visit (i.e. net win by the casino) was estimated at **$61** in 2008, with total net win emanating from the market are population base of approximately **$1.88 billion.** This total figure includes all of Iowa's commercial and tribal casinos, as well as that part of net win at casinos in adjacent states which originates from the Iowa market area population. Iowa's commercial casinos captured approximately 75% of casino revenues emanating from the market area population, or **$1.415 billion**, with the remaining 25% going to Iowa's tribal casinos and other casinos in neighboring states. Our calculations indicate that an estimated $670 million of this net win, or 47%, comes from persons residing outside the State of Iowa.

Iowa Gaming Projections – 2013 "As Is"

Next, our 2008 base model was recalibrated to reflect adjusted population data and growth in personal incomes and average casino spending assumptions over the next five years. Between 2008 and 2013, the market area (Iowa and portions of adjacent states) is projected to see modest population growth from 5,480,000 adults to 5,675,000 adults. This reflects an annual growth rate of just 0.7%.

In developing our "As-Is" 2013 casino admission projections we have assumed no increase in the number of gaming licenses within the of Iowa. Assumed expansions include the construction of a hotel with approximately 200 rooms and a new structured parking facility at Prairie Meadows in Altoona. Other casinos are assumed to expand their gaming base as warranted by market growth during this timeframe. From our analysis of historical and current casino visitation data, for our 2013 "as is" model we have not increased gaming participation rates within the vast majority of the market area, with the exception of slight increases in gaming participation in central Iowa for counties within about a 90-minute to two-hour drive surrounding Altoona. These slight increases are warranted due to the addition of lodging at Prairie Meadows. As well, a slight increase in gaming participation was applied for Polk County (Des Moines area) from 6.0 avg. casino visits/year per adult to about 6.25 in 2013. The addition of more convenient covered parking at Prairie Meadows is likely to result in local residents visiting the facility with slightly more frequency during inclement weather.

Altogether, our adjustments reflecting the 2013 projected adult population base and minor adjustments to casino gaming participation rates result in a projected **32.5 million casino admissions** in 2013, up from 30.7 million in 2008.

Market share adjustments were also made to reflect modest redistribution of casino visits in the market area due to the above described developments and the further penetration of the market by resort casinos completed over the past several months.

The next adjustments to the model include increases in the assumed average spend per visit. These inputs also vary and were developed by county for all of the casinos that the market area population is assumed to visit. As noted above, the average spend per casino visit was estimated at $61 in 2008. We have adjusted the 2013 average spend figures by county to reflect our review of historical average spend per admission growth, paired with an analysis of growth in personal income throughout the market area. While very modest population growth is expected in the market area, income growth is forecast to outpace adult population growth over the next five years. Total personal income in the market area is projected to increase from $179.9 billion in 2008 to $217.4 billion in 2013. This represents an annual growth rate of approximately 4.2%. Historically, the average spend per visit at Iowa casinos has increased at an annual rate of between 3.0% and 4.0% for the past several years, including a 3.3% projected annual increase from FY 2008 to FY 2009. County-specific adjustments were made to the assumed average spend per casino visit, also varying by casino depending on the distance of the population base from each casino. Our adjustments result in an increase in the overall average spend per casino visit from $62 in 2009 to an estimated **$67** in 2013.

Next, we multiply projected casino visits by the estimated average spend by county and by casino, resulting in total projected casino revenues of **$2.186 billion** in 2013. This again includes all casino visits originating from within Iowa and relevant counties in adjacent states. This net win is distributed among Iowa commercial and tribal casinos, as well as competitive casinos in neighboring states. Based on our market share analysis, we estimate that Iowa commercial casinos will capture an estimated **$1.640 billion** in net win in FY 2013. We expect another year of relatively stable gaming revenues in 2010, followed by modest expansion beginning in FY 2011.

Our "as is" market projections are summarized as follows. Individual casino projections are summarized on the following page.

	FY 2011	**FY 2013**
Iowa Commercial Casino Admissions	23,000,000	24,500,000
Iowa Commercial Casino Net Win	$1,472,000,000	$1,640,000,000
Avg. Win per Admission	$64	$67
Net Win from non-Iowa residents	$690,000,000	$770,000,000

Table 10

Projected Gaming Revenue and Win per Admission, Base "As Is" Scenario
Iowa Casinos, 2009-2013

		Gaming Revenue			Total Admissions			Casino Net Win per Admission		
Casino	Location	FY 2009*	FY 2013*	% Change	FY 2009*	FY 2013*	% Change	FY 2009*	FY 2013*	% Change
Wild Rose	Emmetsburg	$27,000,000	$33,000,000	22.2%	541,196	605,000	11.8%	$50	$55	9.3%
Argosy	Sioux City	$57,000,000	$69,000,000	21.1%	1,088,991	1,113,000	2.2%	$52	$62	18.4%
Ameristar	Council Bluffs	$170,000,000	$206,000,000	21.2%	2,397,163	2,800,000	16.8%	$71	$74	3.7%
Harrah's	Council Bluffs	$94,000,000	$110,000,000	17.0%	1,460,469	1,650,000	13.0%	$64	$67	3.6%
Horseshoe	Council Bluffs	$193,000,000	$235,000,000	21.8%	2,608,747	3,100,000	18.8%	$74	$76	2.5%
Diamond Jo	Northwood	$78,000,000	$82,400,000	5.6%	1,239,079	1,136,000	-8.3%	$63	$73	15.2%
Prairie Meadows	Altoona	$192,000,000	$250,000,000	30.2%	2,432,413	2,992,000	23.0%	$79	$84	5.9%
Terribles	Osceola	$51,000,000	$59,000,000	15.7%	841,656	930,000	10.5%	$61	$63	4.7%
Isle	Waterloo	$81,000,000	$94,000,000	16.0%	1,543,687	1,664,000	7.8%	$52	$56	7.7%
Riverside	Riverside	$86,000,000	$89,000,000	3.5%	2,025,004	1,700,000	-16.0%	$42	$52	23.3%
Lady Luck	Marquette	$32,000,000	$30,000,000	-6.3%	390,401	426,000	9.1%	$82	$70	-14.1%
Diamond Jo	Dubuque	$55,500,000	$64,000,000	15.3%	986,651	984,000	-0.3%	$56	$65	15.6%
Greyhound Park	Dubuque	$69,500,000	$72,000,000	3.6%	1,458,853	1,239,000	-15.1%	$48	$58	22.0%
Isle	Bettendorf	$90,000,000	$98,500,000	9.4%	1,270,145	1,354,000	6.6%	$71	$73	2.7%
Rhythmn City	Davenport	$58,500,000	$60,500,000	3.4%	953,567	960,000	0.7%	$61	$63	2.7%
Wild Rose	Clinton	$42,000,000	$46,500,000	10.7%	857,399	878,000	2.4%	$49	$53	8.1%
Catfish Bend	Burlington	$39,000,000	$38,000,000	-2.6%	770,031	839,000	9.0%	$51	$45	-10.6%
TOTALS		**$1,415,500,000**	**$1,640,000,000**	**15.9%**	**22,865,451**	**24,500,000**	**7.1%**	**$62**	**$67**	**8.1%**

**** FY 2009 projections by GVA Marquette Advisors based on market analysis and review of YTD (9 months) casino performance statistics***

**** FY 2013 projections by GVA Marquette Advisors based on market analysis.***

Sources: IRGC; GVA Marquette Advisors

The projection model shows significant revenue growth within the Council Bluffs area. The three casinos there are projected to generate combined revenues of approximately $550 million by 2013. This represents an approximate increase of 20% over current levels. This significant increase is partly attributable to further market penetration by Horseshoe as a result of its redevelopment and expansion. However, much of the growth is due to projected population growth in this area. Southeast Nebraska is projected to add approximately 70,000 people between 2008 and 2013, including about 50,000 new residents in the Omaha area (including Sarpy and Douglas Counties).

Another notable trend is the projected growth in revenues at Prairie Meadows, from $192,000,000 to $250,000,000, resulting from planned facility improvements, a hotel addition, and more substantial population and income growth within the greater Des Moines area.

We also note that Lady Luck-Marquette and Catfish Bend-Burlington are projected to see modest declines in gaming revenues through 2013. This relates to recent increases in competition from newer more appealing resort casino complexes. As such, we expect that both facilities will attract fewer visits from more distant markets, as more of those gamers will opt for newer casinos such as Jumers (Rock Island), Wild Rose (Clinton), Riverside and Isle-Waterloo. The average spend per patron is also projected to decline significantly at both Marquette and Burlington. This is due to more localized play. Local players tend to visit more frequently, but spend considerably less per visit compared to gamers residing farther from the casino.

Underperforming Facilities

GVA Marquette Advisors was asked to identify potentially "underperforming" submarkets and facilities. Our analysis indicates that the above-noted Marquette and Burlington facilities are likely to underperform in the coming five years, specifically with respect to their regional markets. They will likely continue to capture regular local play, although their destination business is likely to suffer due to increasing competition.

Meanwhile, we also note that Riverside to date has had success in attracting regular patronage from its local market, that comprised mainly of Iowa City. This is evident in admissions and win per admission data. However, in analyzing hotel statistics provided by the property, together with gaming admissions and revenue data, it is evident that the property has been unsuccessful in gaining significant penetration in more distant markets. Though the property is of high quality and offers an attractive array of amenities, it suffers from a locational disadvantage related to key urban markets such as Waterloo/Cedar Falls and Des Moines. Urban casinos within the Quad Cities also prohibit Riverside from penetrating that market. Meanwhile, we expect that Isle-Waterloo will see a continued ramp up in its capture of gamer visits emanating from throughout eastern Iowa over the coming months, also impacting Riverside, along with the tribal facility in Tama County (Meskwaki). Therefore, to conclude we believe that Riverside will continue to struggle in capturing destination gamers, although it should continue to dominate the local Iowa City market. The casino should work to attract higher-income gamers from within this local market in order to boost the average win per admission.

Underserved Markets

GVA Marquette Advisors was also asked to identify potentially "underserved" submarkets within Iowa, based on the supply of gaming facilities related to various population centers throughout the state. As noted previously, from our work here, and based on our knowledge and experience in evaluating similar and comparable gaming markets throughout the United States, we are of the opinion that the Iowa gaming market is approaching an "equilibrium" situation, whereby the supply and performance of its casinos has fully tapped the available surrounding market. This means that further addition of gaming facilities in future years would likely have an increasingly dilutive impact upon existing casinos, rather than generating "new" demand by tapping underserved markets.

However, we believe that an exception may exist within the far northwestern corner of Iowa. From our analysis we believe that **Lyon County** presents an opportunity for a new Iowa casino to penetrate the sizable Sioux Falls market just to the northwest, as well as neighboring southwestern Minnesota to a degree. Such a development would likely have some dilutive impact upon the Argosy-Sioux City and Wild Rose-Emmetsburg, however we would expect that impact to be modest, since only a small percentage of casino patrons at those facilities reside in the Sioux Falls area. A Lyon County development scenario is analyzed in detail below, along with other scenarios which assume gaming facilities of varying sizes are built in Wapello, Webster, Franklin, and Tama Counties.

Iowa Gaming Projections (2013) – Alternative Scenarios

The following paragraphs outline our analysis and the results of varied scenarios which assume casinos are developed in Lyon, Wapello, Webster, Franklin and Tama Counties. Casinos of varying size and cost levels were considered for each county.

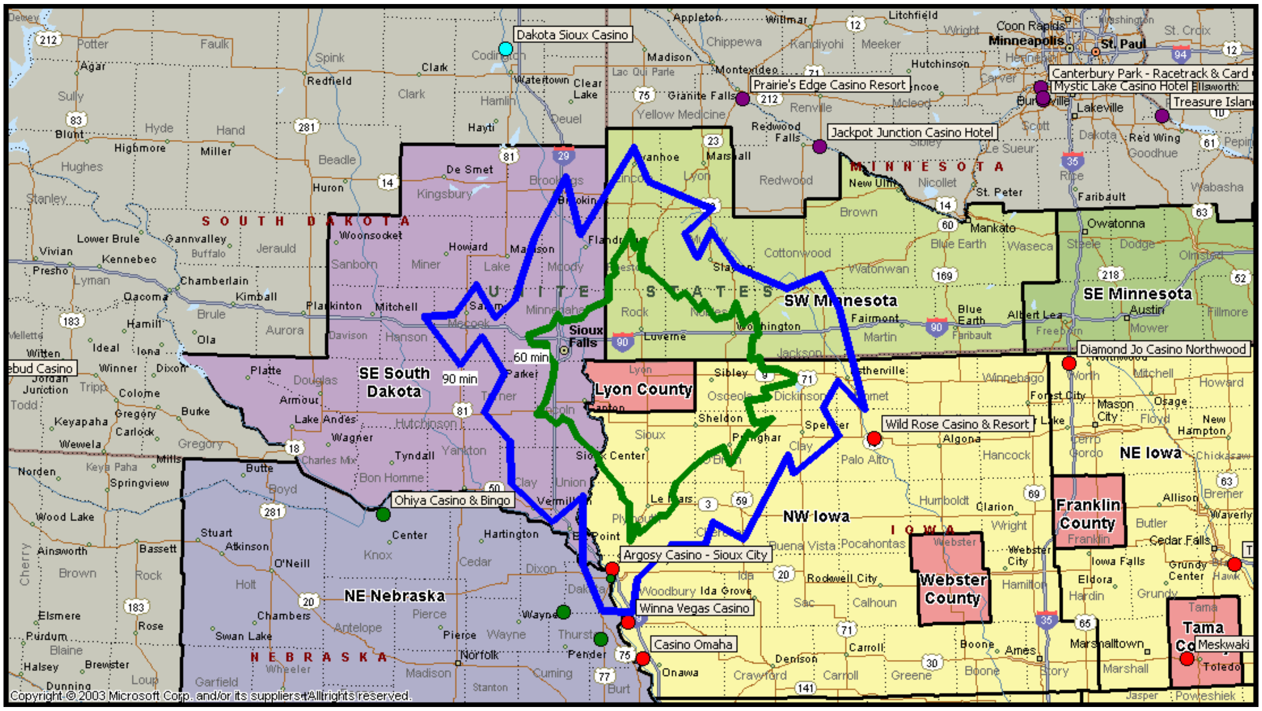
For each scenario, the 2013 base model was recalibrated to reflect the development of a new casino complex. Again, casino visitation and net win estimates were developed for each county and distributed to various casinos throughout the market, including new casinos as per each scenario. Gaming participation rates were adjusted where appropriate to reflect the development of a new gaming venue within an easy driving distance. Meanwhile, key adjustments were made to reflect changes in capture rates among Iowa casinos resulting from new competition. Market share allocations were adjusted by GVA Marquette Advisors based on our review of actual casino performance statistics in recent years, paired with our site visits and detailed review of each assumed new casino and existing casinos in terms of the following key variables:

- Proximity to various population segments
- Ease of access and highway network
- Casino size and quality
- Lodging and amenity components – size and quality
- Casino branding and player club

Scenario 1: Lyon County Gaming Development

Three alternatives were considered, including a "large" casino resort option, a "mid-size" casino/hotel complex, and a casino only (no lodging) development. As shown on the map below, Lyon County is strategically located within about 15 miles of Sioux Falls, SD. The map shows a 60- and 90-minute drive time surrounding Lyon County according to Microsoft MapPoint software calculations. We believe that a new full service resort casino at Lyon County would attract the majority of its customers from the greater Sioux Falls area. Its primary draw area would likely extend approximately 90 minutes to the north and east, up to two-hours or more to the west/northwest, and approximately 60 to 90 minutes to the south/southeast.

Lyon County Competitive Gaming Market



We would expect a marked increase in *casino* gaming participation rates within the Sioux Falls market as a result of a casino development in Lyon County, IA. In determining appropriate casino gaming participation rates for southeastern South Dakota, including Sioux Falls, we evaluated current casino customer information as provided by Argosy-Sioux City, as well as Sioux Falls Lottery information. Video Lottery Terminals (VLTs) are located in bars and bar/restaurants throughout South Dakota, including a total of 1,551 VLTs in Minnehaha County, which is the Sioux Falls area. These VLTs in Minnehaha generated net win of more than $66 million last year, or about $500 per adult resident. From this data it is clear that the propensity to gamble among Sioux Falls area residents is already quite high, although a relatively small proportion of this gaming flows to area *casinos* due to their distance from Sioux Falls. Clearly the SD Lottery captures the majority of gaming demand emanating from the Sioux Falls market presently, with a small amount of demand leaking out to facilities such as Prairies Edge and Jackpot Junction in southwestern MN, and Argosy-Sioux City.

From our review of player tracking data provided by Argosy, reflecting about 50% of net win at that facility last year as distributed by zip code, we estimate that Argosy-Sioux City captured less than $4,000,000 in net win last year from the Sioux Falls market.

From our analysis, we would expect a new casino at Lyon County would have a significant impact upon VLT revenues in southwestern SD, particularly in the Sioux Falls area, as more of those gaming dollars would be spent at the casino, which would offer a much more appealing facility and overall gaming experience. Thus SD VLT revenues would likely be effected more so than Iowa gaming revenues. Argosy-Sioux City would see a modest impact, as would Wild Rose-Emmetsburg and Diamond Jo-Northwood related to the primarily rural population residing in far northwestern Iowa and southwestern Minnesota.

The table on the following page summarizes our projections for three casino alternatives in Lyon County, varying in size and scope, as well as the financial viability of each project and its expected market impact. Overall, assuming the development of a **"large" resort-style casino** at Lyon County, we have estimated that casino gaming participation rates (excluding VLT gaming) would range from about 5.0 to 7.0 annual visits per adult within 30 to 60 minutes of the casino, and from 1.0 to 4.0 within 60 to 120 minutes surrounding the complex. Average expenditures per patron were estimated based on our review of spending patterns at other casinos in the region, and vary by county by distance traveled. After recalibrating the 2013 gaming model to reflect these changes, we estimate that a large resort casino at Lyon County would generate revenues of approximately **$75,000,000**, with annual admissions of **1,300,000 patrons**. This facility would likely include around 1,200 to 1,400 gaming positions, a hotel with at least 120 to 150 rooms, a full range of food and beverage options ranging from quick service to fine dining, as well as conference and events facilities. Based on our review of recent casino construction costs, we estimate that such a facility would require a total investment of approximately $120,000,000.

A "**mid-size" casino resort** option was also considered. Such a facility would likely include a smaller hotel of around 60 to 80 rooms, somewhat fewer dining options and minimal entertainment facilities & events. We assume such a facility would have around 1,000 gaming positions. Such a facility would have a slightly reduced draw area as compared to the larger resort, with the frequency of visits from nearby Sioux Falls seeing a modest impact. We estimate that such a facility would generate annual gaming revenues of approximately **$60,000,000** per year, with annual admissions of approximately **1,100,000 patrons**. The cost of such a facility would likely approximate $80,000,000.

Lastly, we estimate that a **"small" stand alone casino** with around 700-900 gaming positions, no on-site lodging and a reduced food and beverage offering would generate gaming revenues of approximately $48,000,000, with approximately 1,000,000 admissions. Under this scenario, the draw area would be reduced, with the vast majority of revenues coming from the Sioux Falls market. This scenario generates the most attractive rate of return among the three considered, from a developer/operator's perspective. This is due to the fact that while a larger resort complex would extend the casino's geographic reach, there are no major population centers within a reasonable driving distance.

Table 11

Summary of Market Impact
Assumed Casino Development - Lyon County, IA

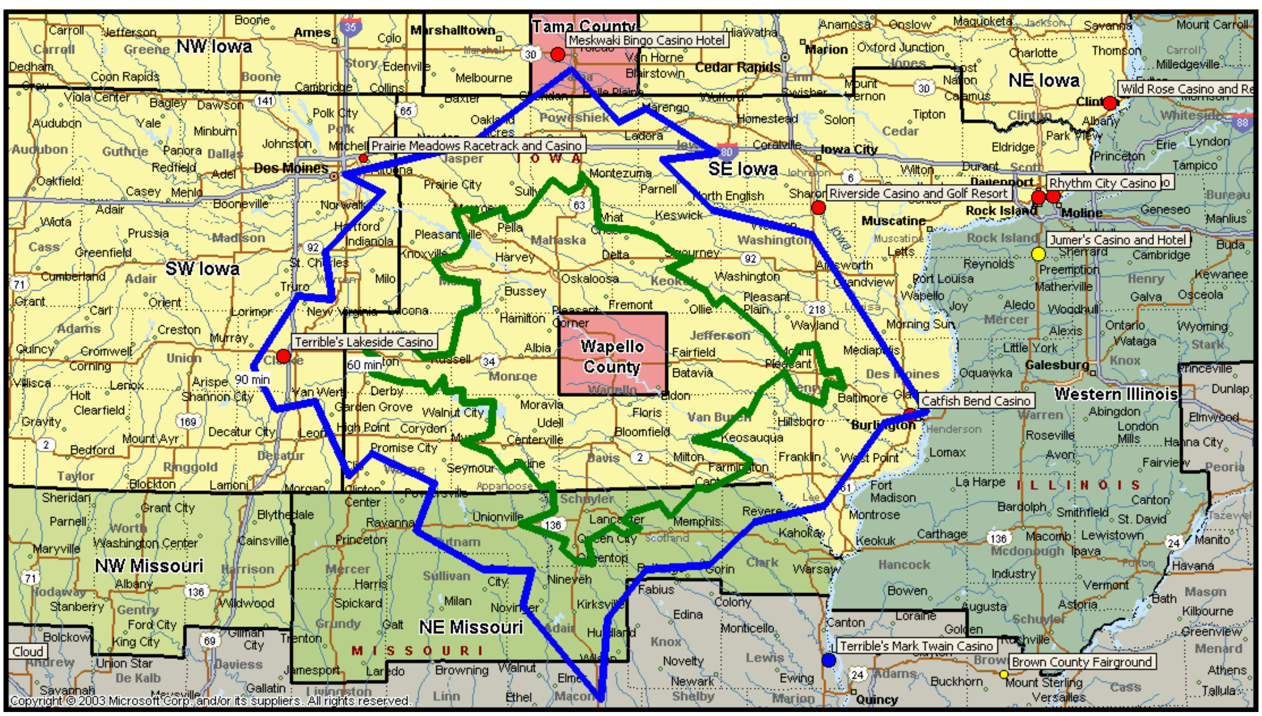
	Large Resort Casino	Mid-Size Resort Casino	Casino only (no lodging)
Projected Subject Casino Performance			
Annual Revenues	$75,000,000	$60,000,000	$48,000,000
Admissions	1,300,000	1,100,000	1,000,000
Win per Visit	$58	$55	$48
Estimated Construction Cost	$120,000,000	$80,000,000	$50,000,000
Analysis of Financial Return on Investment			
Gaming Revenues	$75,000,000	$60,000,000	$48,000,000
Hotel	$3,500,000	$2,000,000	$0
F&B and Other	$12,000,000	$9,000,000	$4,000,000
Total Revneues	$90,500,000	$71,000,000	$52,000,000
Less: Expenses	$67,000,000	$51,000,000	$35,000,000
Projected EBITDA	$23,500,000	$20,000,000	$17,000,000
% Return on Total Construction Cost	19.6%	25.0%	34.0%
Market Impact			
Projected Negative Impact on Existing Iowa Casinos (lost revenue)	$20,000,000	$15,000,000	$8,000,000
Projected Iowa Gaming Revenues - this scenario	$1,695,000,000	$1,685,000,000	$1,680,000,000
Projected Iowa Gaming Revenues - "As Is" scenario	$1,640,000,000	$1,640,000,000	$1,640,000,000
Change	$55,000,000	$45,000,000	$40,000,000
Projected Iowa Gaming Revenues from Out of State - this scenario	$820,000,000	$815,000,000	$810,000,000
Projected Iowa Gaming Revenues from Out of State - "As Is" scenario	$770,000,000	$770,000,000	$770,000,000
Change	$50,000,000	$45,000,000	$40,000,000
Economic Impact			
Estimated Employment Impact	550	450	420
Estimated Payroll & Employee Benefits	$15,385,000	$12,070,000	$8,840,000
Expenditures on Supplies and Services	$22,625,000	$17,750,000	$13,000,000
IA Gaming Tax	$16,500,000	$13,200,000	$10,560,000
Source: GVA Marquette Advisors			

Scenario 2: Wapello County Gaming Development

In the case of Wapello County, we do not believe that a large scale resort would be viable considering its location and competition from major casinos within a relatively short distance. Therefore, two alternatives were analyzed, including one with a "mid-size" casino and hotel operation with approximately 1,000 gaming positions, 60 to 80 hotel rooms, small conference and events facilities and a full range of dining options. The cost of this type of facility is estimated at approximately $80,000,000. A smaller stand alone casino was also analyzed, having roughly 500 to 600 gaming positions, no on-site lodging, and a reduced mix of food and beverage options. The cost of this facility is assumed to be about $45,000,000.

The map below shows a 60- and 90-minute drive time surrounding Wapello County according to Microsoft MapPoint software calculations. We believe that a new mid-size casino hotel operation here would attract the majority of its customers from the Ottumwa, IA area (Wapello County), which has a resident base of approximately 38,000 residents, and others residing within about a one-hour drive in southeastern Iowa. Occasional visits would originate from larger population centers falling about 1-1/2 to 2 hours from Wapello County, such as Des Moines, Burlington, and Iowa City. However, these visits would be infrequent considering there are gaming options already located within those markets.

Wapello County Competitive Gaming Market



In recalibrating our 2013 gaming model to include a mid-size casino hotel in Wapello County, we have adjusted gaming participation rates modestly by 1 to 2 visits per year per adult for those residing within about 60 miles of the property, varying by county. Market share adjustments were also made to reflect the Wapello County casino's impact upon other Iowa casinos. Here again we allocated regional gaming visits to Wapello and other facilities based upon locational factors and our personal inspection of Iowa's casinos. From our calculations and analysis, we estimate that a **mid-size casino hotel** in Wapello County would capture gaming revenue of approximately **$54,000,000**, with annual admissions of about **870,000 patrons**. Such a casino would have a dilutive impact upon gaming revenues at Iowa's existing casinos. In fact, we estimate that approximately 70% of the revenues at a new Wapello County casino would come in the form of business presently being captured by other casinos in the region, most notably Terribles-Lakeside, Prairie Meadows, Riverside, Catfish Bend, Isle of Capri-Bettendorf, as well as Meskwaki.

A **smaller stand-alone casino** with approximately 500 to 600 gaming positions was also considered. Here also we have adjusted gaming participation rates upward slightly within approximately a 30 to 60 minute drive time. The size of the facility and lack of on-site hotel rooms will limit this casino's draw area to a smaller range. We project that such a casino would capture gaming revenues of approximately **$32,000,000**, with about **570,000 admissions**. As well, while such a casino would have an impact upon existing Iowa facilities, that impact would be less severe since the Wapello casino's draw area would be more confined as compared to a casino hotel operation. Still, we estimate that more than 85% of the projected $32,000,000 in revenue will come directly out of other existing Iowa casinos, with very little "new" gaming demand created as a result of this development.

A summary of both development scenarios is presented on the following page.

Table 12

Summary of Market Impact
Assumed Casino Development - Wapello County, IA

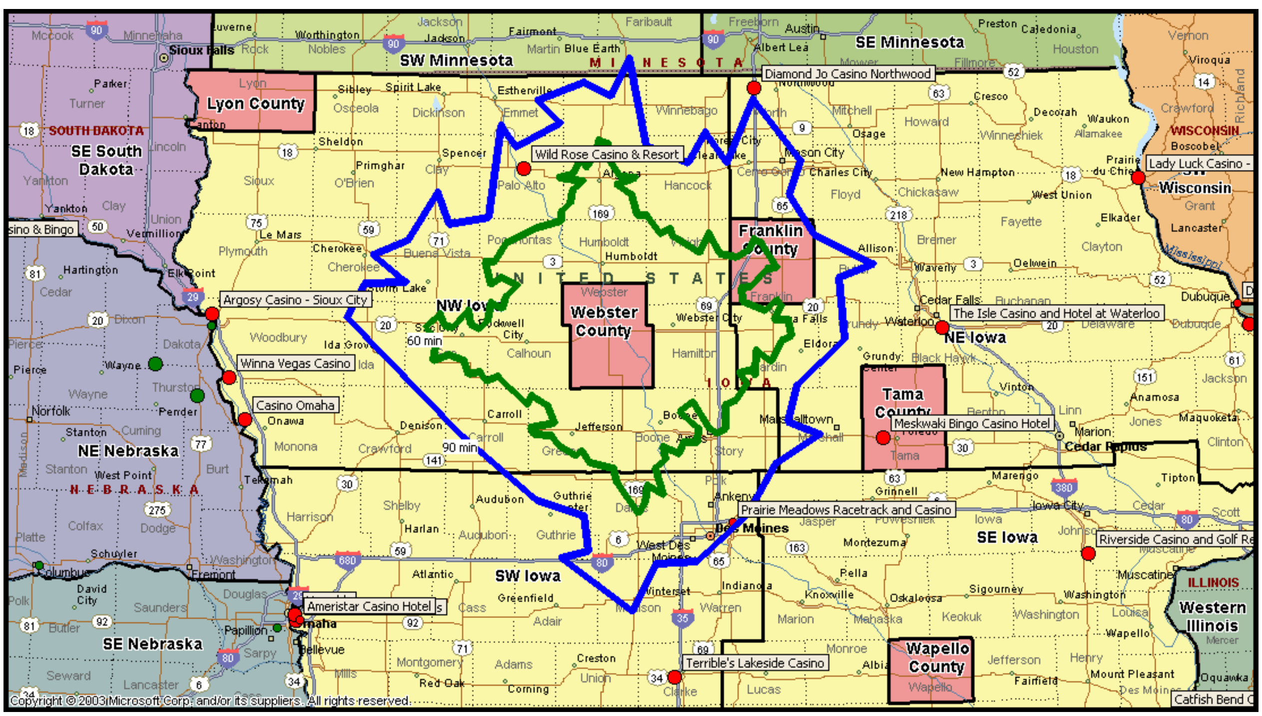
	Mid-Size Resort Casino	Casino only (no lodging)
Projected Subject Casino Performance		
Annual Revenues	$54,000,000	$32,000,000
Admissions	870,000	570,000
Win per Visit	$62	$56
Estimated Construction Cost	$80,000,000	$45,000,000
Analysis of Financial Return on Investment		
Gaming Revenues	$54,000,000	$32,000,000
Hotel	$2,000,000	$0
F&B and Other	$7,000,000	$2,500,000
Total Revneues	$63,000,000	$34,500,000
Less: Expenses	$44,000,000	$22,500,000
Projected EBITDA	$19,000,000	$12,000,000
% Return on Total Construction Cost	23.8%	26.7%
Market Impact		
Projected Negative Impact on Existing Iowa Casinos (lost revenue)	$37,000,000	$28,000,000
Projected Iowa Gaming Revenues - this scenario	$1,657,000,000	$1,644,000,000
Projected Iowa Gaming Revenues - "As Is" scenario	$1,640,000,000	$1,640,000,000
Change	$17,000,000	$4,000,000
Projected Iowa Gaming Revenues from Out of State - this scenario	$776,000,000	$772,000,000
Projected Iowa Gaming Revenues from Out of State - "As Is" scenario	$770,000,000	$770,000,000
Change	$6,000,000	$2,000,000
Economic Impact		
Estimated Employment Impact	420	250
Estimated Payroll & Employee Benefits	$10,710,000	$5,865,000
Expenditures on Supplies and Services	$15,750,000	$8,625,000
IA Gaming Tax	$11,880,000	$7,040,000
Source: GVA Marquette Advisors		

Scenario 3: Webster County Gaming Development

As with Wapello County, we do not believe that a large scale resort would be viable in Webster County considering its location and competition from other casino hotels within a relatively short distance. Therefore, two alternatives were analyzed, including one with a "mid-size" casino and hotel operation with approximately 1,000 gaming positions, 60 to 80 hotel rooms, small conference and events facilities and a full range of dining options. The cost of this type of facility is estimated at approximately $80,000,000. A smaller stand alone casino was also analyzed, having roughly 500 gaming positions, no on-site lodging, and a reduced mix of food and beverage options. The cost of this facility is assumed to be about $40,000,000.

The map below shows a 60- and 90-minute drive time surrounding Webster County according to Microsoft MapPoint software calculations. We would expect a mid-size casino hotel operation here would attract regular patronage from the local Fort Dodge, IA area (Webster County), which has a resident base of approximately 38,000 residents. Our model adjustments under this scenario include an increase in gaming participation rates of 1 to 2 casino visits per year per adult for those residing within 60 minutes of Webster County. Most casino visits would likely originate within 30 to 60 minutes of the property. Due to its size and amenity base, notably on-site lodging, the casino would likely attract occasional visits from persons residing between 90 and 120 minutes from the facility, with most such business focused on weekends. However, these visits would be infrequent considering there are gaming options already located within those markets.

Webster County Competitive Gaming Market



Market share adjustments were also made to reflect the Webster County casino's impact upon other Iowa casinos. From our calculations and analysis, we estimate that a **mid-size casino hotel** in Webster County would capture gaming revenue of approximately **$54,000,000**, with annual admissions of about **890,000 patrons**. Although some "new" gaming demand would result from this development, a Webster County casino would also have a substantial dilutive impact upon gaming revenues at other Iowa gaming facilities. We estimate that as much as 50% of the revenues at a new casino in Webster County would be generated through the cannibalization of business from other casinos, most notably Wild Rose-Emmetsburg and Prairie Meadows, and to a lesser degree Meskwaki, Isle-Waterloo and Diamond Jo-Northwood.

A **smaller stand-alone casino** with approximately 500 gaming positions was also considered. Here again we have adjusted gaming participation rates upward slightly within approximately a 30 to 60 minute drive time. The size of the facility and lack of on-site hotel rooms will limit this casino's draw area. We project that such a casino would capture gaming revenues of approximately **$28,000,000**, with about **540,000 admissions**. As well, while such a casino would have an impact upon existing Iowa facilities, that impact would be less severe since the smaller casino's draw area would be more confined as compared to a casino hotel operation. Still, we estimate that more than 80% of the projected $28,000,000 in revenue will come directly out of other existing Iowa casinos, with very little "new" gaming demand created as a result of this development.

A summary of both development scenarios is presented on the following page.

Table 13

Summary of Market Impact
Assumed Casino Development - Webster County, IA

	Mid-Size Resort Casino	Casino only (no lodging)
Projected Subject Casino Performance		
Annual Revenues	$54,000,000	$28,000,000
Admissions	890,000	540,000
Win per Visit	$61	$52
Estimated Construction Cost	$80,000,000	$40,000,000
Analysis of Financial Return on Investment		
Gaming Revenues	$54,000,000	$28,000,000
Hotel	$2,000,000	$0
F&B and Other	$7,000,000	$2,500,000
Total Revenues	$63,000,000	$30,500,000
Less: Expenses	$46,000,000	$18,500,000
Projected EBITDA	$17,000,000	$12,000,000
% Return on Total Construction Cost	21.3%	30.0%
Market Impact		
Projected Negative Impact on Existing Iowa Casinos (lost revenue)	$27,000,000	$23,000,000
Projected Iowa Gaming Revenues - this scenario	$1,667,000,000	$1,645,000,000
Projected Iowa Gaming Revenues - "As Is" scenario	$1,640,000,000	$1,640,000,000
Change	$27,000,000	$5,000,000
Projected Iowa Gaming Revenues from Out of State - this scenario	$770,000,000	$770,000,000
Projected Iowa Gaming Revenues from Out of State - "As Is" scenario	$770,000,000	$770,000,000
Change	$0	$0
Economic Impact		
Estimated Employment Impact	420	250
Estimated Payroll & Employee Benefits	$10,710,000	$5,185,000
Expenditures on Supplies and Services	$15,750,000	$7,625,000
IA Gaming Tax	$11,880,000	$6,160,000

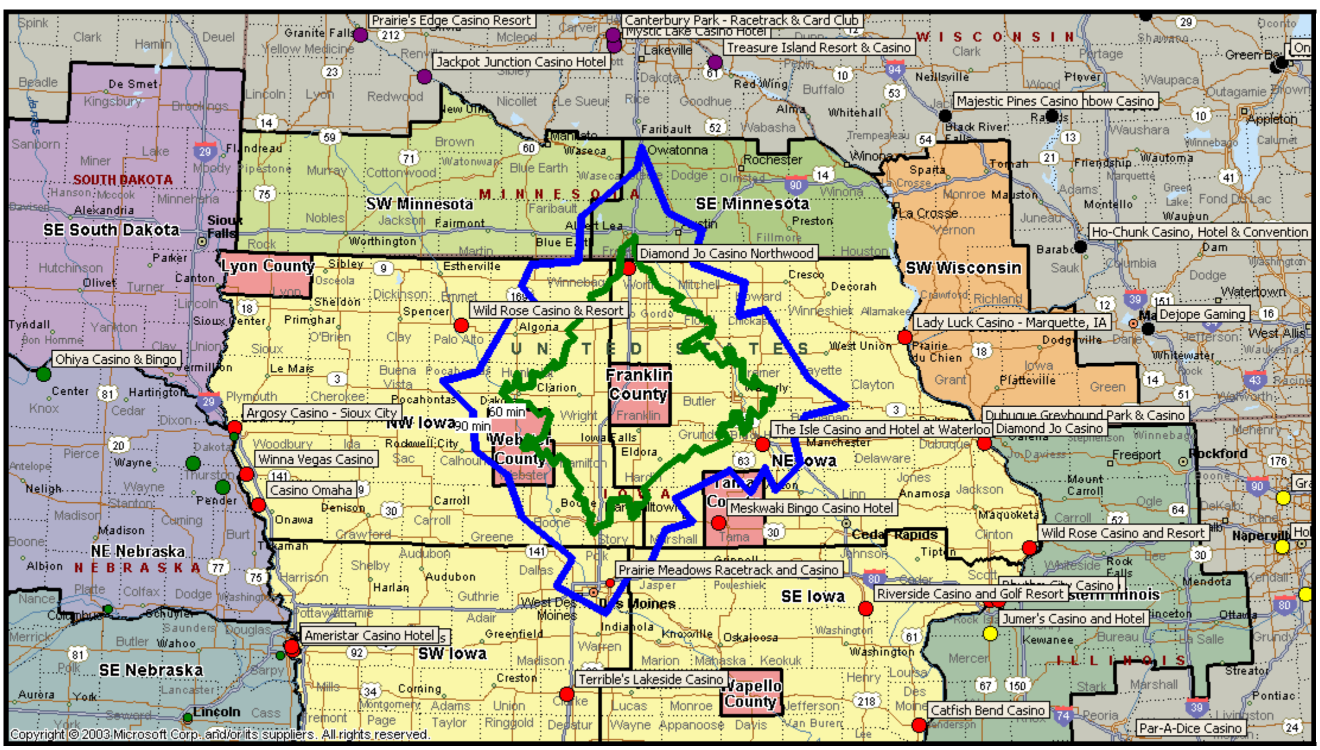
Source: GVA Marquette Advisors

Scenario 4: Franklin County Gaming Development

We have analyzed two development alternatives for Franklin County, the first of which is a "mid-size" casino and hotel operation with approximately 1,000 gaming positions, 60 to 80 hotel rooms, small conference and events facilities and a full range of dining options. The cost of this type of facility is estimated at approximately $80,000,000. A smaller stand alone casino was also analyzed, having roughly 500 gaming positions, no on-site lodging, and a reduced mix of food and beverage options. The cost of this facility is assumed to be about $40,000,000.

The map below shows a 60- and 90-minute drive time surrounding Franklin County according to Microsoft MapPoint software calculations. We would expect a mid-size casino hotel operation here would attract regular patronage from a "local" market extending approximately 30 minutes from the property. Key local feeder markets would include Mason City and Clear Lake to the north. These markets would be shared with the Diamond Jo Casino at Northwood, as well as Wild rose-Emmetsburg. Important population centers within about a one-hour drive to the south include Fort Dodge and Ames. Major markets within 90 minutes include Des Moines to the south and Waterloo and Cedar Falls to the east. However, a Franklin County casino would probably attract a very small percentage of casino visits emanating from those markets due to the presence of very large casino facilities within both Des Moines and Waterloo.

Franklin County Competitive Gaming Market



Casino gaming participation rates are already fairly high within the subject market due to the presence of multiple gaming venues within a reasonable driving distance and relatively few alternative leisure and recreational facilities. Nonetheless, our gaming model adjustments under this scenario include modest increases in participation rates within about 30 to 60 minutes of Franklin County, again varying by county. Participation rates throughout the broader market were mostly held constant.

Market share adjustments were also made to reflect a Franklin County casino's impact upon other casinos. From our calculations and analysis, we estimate that a **mid-size casino hotel** in Franklin County would capture gaming revenue of approximately **$49,000,000**, with annual admissions of about **765,000 patrons**. As with the other central-Iowa casino development scenarios, such a project would likely result in a modest increase in overall casino gaming in Iowa. Rather, we estimate that about 70% of the revenues at a new Franklin County casino would be generated through the cannibalization of business from other casinos, most notably Diamond Jo-Northwood and Wild Rose-Emmetsburg, as well as Prairie Meadows, Isle-Waterloo and Meskwaki to a lesser degree.

A **smaller stand-alone casino** with approximately 500 gaming positions was also considered. Here again we have adjusted gaming participation rates upward slightly within approximately a 30 to 60 minute drive time. The size of the facility and lack of on-site hotel rooms will limit this casino's draw area. We project that such a casino would capture gaming revenues of approximately **$28,000,000**, with about **480,000 admissions**. As well, while such a casino would have an impact upon existing Iowa facilities, that impact would be less severe since the smaller casino's draw area would be more confined as compared to a casino hotel operation. Still, we estimate that about 80% of the projected $28,000,000 in revenue will come directly out of other existing Iowa casinos, with very little "new" gaming demand created as a result of this development.

A summary of both development scenarios is presented on the following page.

Table 14

Summary of Market Impact
Assumed Casino Development - Franklin County, IA

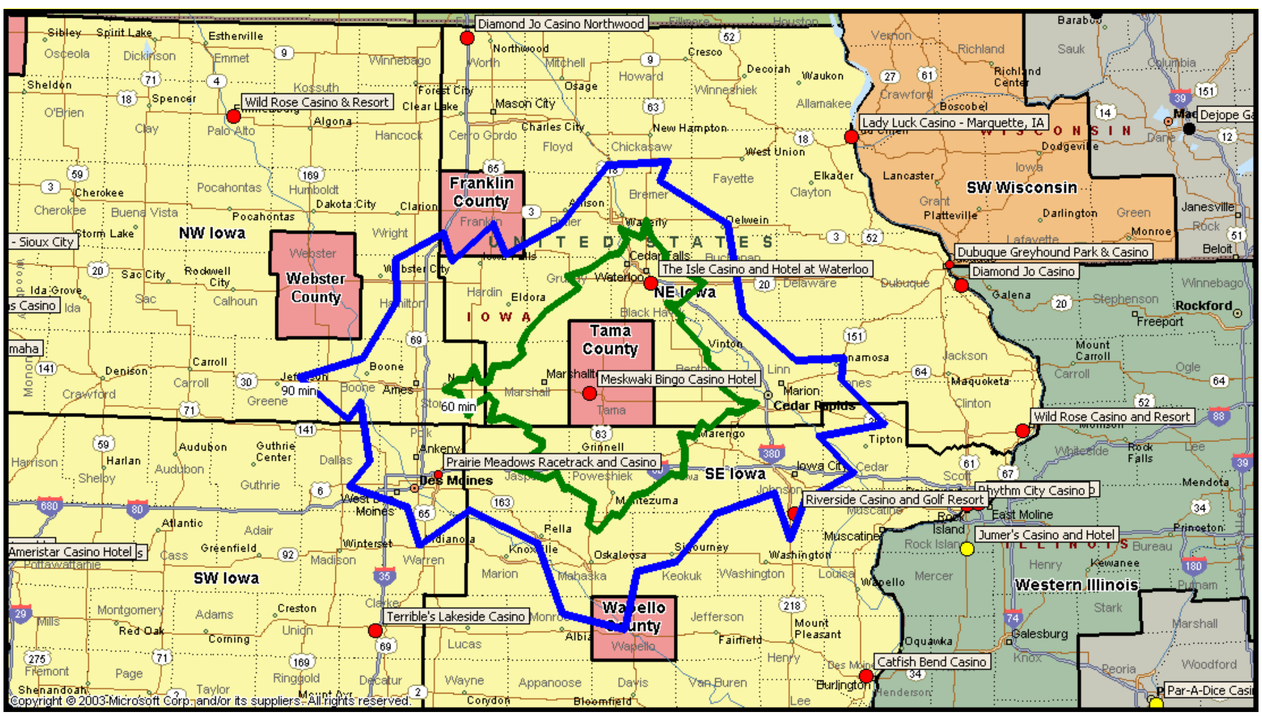
	Mid-Size Resort Casino	Casino only (no lodging)
Projected Subject Casino Performance		
Annual Revenues	$49,000,000	$28,000,000
Admissions	765,000	480,000
Win per Visit	$64	$58
Estimated Construction Cost	$80,000,000	$40,000,000
Analysis of Financial Return on Investment		
Gaming Revenues	$49,000,000	$28,000,000
Hotel	$1,750,000	$0
F&B and Other	$6,000,000	$2,500,000
Total Revenues	$56,750,000	$30,500,000
Less: Expenses	$41,250,000	$18,500,000
Projected EBITDA	$15,500,000	$12,000,000
% Return on Total Construction Cost	19.4%	30.0%
Market Impact		
Projected Negative Impact on Existing Iowa Casinos (lost revenue)	$34,000,000	$22,000,000
Projected Iowa Gaming Revenues - this scenario	$1,655,000,000	$1,646,000,000
Projected Iowa Gaming Revenues - "As Is" scenario	$1,640,000,000	$1,640,000,000
Change	$15,000,000	$6,000,000
Projected Iowa Gaming Revenues from Out of State - this scenario	$770,000,000	$770,000,000
Projected Iowa Gaming Revenues from Out of State - "As Is" scenario	$770,000,000	$770,000,000
Change	$0	$0
Economic Impact		
Estimated Employment Impact	420	250
Estimated Payroll & Employee Benefits	$9,647,500	$5,185,000
Expenditures on Supplies and Services	$14,187,500	$7,625,000
IA Gaming Tax	$10,780,000	$6,160,000
Source: GVA Marquette Advisors		

Scenario 5: Tama County Gaming Development

Tama County is a rural county; however, it is strategically located within a 60- to 90-minute drive from four of Iowa's largest cities, those being Waterloo and Cedar Falls to the north, Cedar Rapids and Iowa City to the east, and Des Moines to the southwest. Other significant population centers in the area include Ames, about 80 minutes to the west, and Marshalltown approximately 15 minutes to the west.

Because of its location within an easy driving range of several key population centers, Tama County was considered for both a "large" and "mid size" resort casino. Several large casinos exist within close proximity, however, creating a very competitive market situation. In fact, since the opening of Riverside and Isle-Waterloo, we are aware the large tribal facility known as Meskwaki, located within Tama County, has seen a significant decline in its share of regional gaming expenditures. Riverside has also had difficulty in penetrating more distant markets since the opening of the Isle facility. Moreover, we expect that Altoona's Prairie Meadows Casino will capture more regional gamer visits upon completion of its expansion and on-site hotel addition.

Tama County Competitive Gaming Market



The "large" casino resort option which we evaluated assumed the development of a casino with approximately 1,500 to 1,700 gaming positions, a hotel with around 200 rooms, spa, extensive food and beverage options ranging from casual to fine dining, a significant conference facility, and a quality events center with seating for at least 1,000 guests. The cost of such a facility is estimated at approximately $150,000,000. The “mid-size” option would include around 1,000 to 1,200 gaming positions, approximately 100 hotel rooms, a slightly reduced food and beverage offering and similar, albeit smaller, amenity components. The assumed budget for such a project is estimated at $100,000,000.

Here again, we know that casino gaming participation rates are already fairly high within the subject market due to the presence of multiple gaming venues within a reasonable driving distance of the population base. Nonetheless, our gaming model adjustments under this scenario include modest increases in participation rates within 60-90 minutes of Tama County, again varying by county. Adjustments ranged from no increase to the addition of one annual casino visit per adult.

Market share adjustments were also made to reflect the impact that another Tama County casino would have upon other casinos in Iowa. The new casino would compete most directly, obviously, with the existing Meskwaki Casino, due to its proximity. As well, it would compete with Prairie Meadows, especially related to the Des Moines market, and with Isle-Waterloo and Riverside for gamer visits originating in major markets to the east including Waterloo, Cedar Falls, Cedar Rapids and Iowa City. From our calculations and analysis, we estimate that a new **large resort casino** in Tama County would capture gaming revenue of approximately **$90,000,000**, with annual admissions of about **1,290,000 patrons**. As with the other central-Iowa casino development scenarios, such a project would likely result in a modest increase in overall casino gaming in Iowa. Rather, we estimate that about 50% of the revenues at a new Tama County casino would be generated through the cannibalization of business from other casinos, most notably Meskwaki, as well as Isle-Waterloo, Riverside, Prairie Meadows and Terribles.

A **mid-size resort casino** with approximately 1,000 to 1,200 gaming positions and 100 rooms was also considered. Here again we have adjusted gaming participation rates upward very slightly within approximately a 60 to 90 minute drive time. We project that such a casino would capture gaming revenues of approximately **$58,000,000**, with about **860,000 admissions**. Here again, we estimate that around one-half of the new casino’s revenues would be the direct result of lost market share by other casinos in the region, rather than “new” demand. Meskwaki would again be impacted most significantly among the region’s casinos.

A summary of both development scenarios is presented on the following page.

Table 15		
Summary of Market Impact		
Assumed Casino Development - Tama County, IA		
	Large Resort Casino	**Mid-Size Resort Casino**
Projected Subject Casino Performance		
Annual Revenues	$90,000,000	$58,000,000
Admissions	1,290,000	860,000
Win per Visit	$70	$67
Estimated Construction Cost	$150,000,000	$100,000,000
Analysis of Financial Return on Investment		
Gaming Revenues	$90,000,000	$58,000,000
Hotel	$5,500,000	$2,700,000
F&B and Other	$11,500,000	$7,500,000
Total Revenues	$107,000,000	$68,200,000
Less: Expenses	$79,000,000	$47,200,000
Projected EBITDA	$28,000,000	$21,000,000
% Return on Total Construction Cost	18.7%	21.0%
Market Impact		
Projected Negative Impact on Existing Iowa Casinos (lost revenue)	$40,000,000	$33,000,000
Projected Iowa Gaming Revenues - this scenario	$1,690,000,000	$1,665,000,000
Projected Iowa Gaming Revenues - "As Is" scenario	$1,640,000,000	$1,640,000,000
Change	$50,000,000	$25,000,000
Projected Iowa Gaming Revenues from Out of State - this scenario	$770,000,000	$770,000,000
Projected Iowa Gaming Revenues from Out of State - "As Is" scenario	$770,000,000	$770,000,000
Change	$0	$0
Economic Impact		
Estimated Employment Impact	600	480
Estimated Payroll & Employee Benefits	$18,190,000	$11,594,000
Expenditures on Supplies and Services	$26,750,000	$17,050,000
IA Gaming Tax	$19,800,000	$12,760,000
Source: GVA Marquette Advisors		

SUMMARY OF CONCLUSIONS

Several gaming venues have been developed throughout the State. Today, most of Iowa's significant population centers have access to one or more casinos within a driving distance of one to two hours, or less. As well, several casinos have been developed in border communities, thereby attracting gaming dollars from outside the State. Examples include the Council Bluffs market, which effectively taps the Omaha market, Lincoln and much of Nebraska, as well as Kansas and Missouri to a lesser degree. Meanwhile, Dubuque's facilities and those in the Quad Cities are positioned to capture gamer visits from neighboring Wisconsin and Illinois. Small to mid-size casinos such as those at Marquette, Clinton, and Burlington operate similarly, albeit on a smaller scale. Northern Iowa facilities such as Wild Rose-Emmetsburg and Diamond Jo-Northwood (especially) have had success in serving the primarily rural northern Iowa markets and also tapping southern Minnesota population centers such as Albert Lea, Austin and Owatonna. Those casinos located within the central part of the State such as Riverside, Isle-Waterloo, Meskwaki, Prairie Meadows and Terribles provide multiple attractive gaming options for persons residing in major Iowa cities such as Des Moines, Waterloo/Cedar Falls, Cedar Rapids and Iowa City.

In summary, we believe that the opportunity for additional gaming development in Iowa is limited at this time. Based on our analysis and professional experience, we believe that most of Iowa is approaching and "equilibrium" gaming market situation, whereby the supply of gaming approximately matches up with maximum demand originating from the population base. Our analysis indicates that while several individual casino projects may be financially feasible, most of the casino development alternatives considered would create only a modest amount of new gaming demand in Iowa, while resulting in lost market share among many existing Iowa casinos. However, our analysis does show that a casino development in Lyon County could result in a marked increase in Iowa's capture of gaming expenditures from outside the State, due to Lyon County's proximity to the Sioux Falls market and the current distance of casino facilities from this significant population base. Our analysis shows that "locals" oriented casino seems to demonstrate the most favorable return on investment, considering that the majority of customers would likely arrive from the Sioux Falls market, less than 20 minutes to the northwest, and considering the relatively sparse population base farther to the west. Moreover, our analysis shows that a new casino in Lyon County would likely have only a modest impact upon two casinos in Iowa, those being Wild Rose-Emmetsburg and Argosy at Sioux Falls.

The matrix on the following page summarizes our gaming projections and the impact of varied scenarios upon the Iowa market.

Table 16

Summary of Market Impact
Iowa Gaming Market - 2013 - Varied Development Scenarios

	Lyon Co. Development Scenarios			Wapello Co. Development Scenarios		Webster Co. Development Scenarios		Franklin Co. Development Scenarios		Tama Co. Development Scenarios	
	Large Casino Resort	Mid-Size Casino Resort	Casino only (no lodging)	Mid-Size Casino Resort	Casino only (no lodging)	Mid-Size Casino Resort	Casino only (no lodging)	Mid-Size Casino Resort	Casino only (no lodging)	Large Casino Resort	Mid-Size Casino Resort
Projected Subject Casino Performance											
Annual Revenues	$75,000,000	$60,000,000	$48,000,000	$54,000,000	$32,000,000	$54,000,000	$28,000,000	$49,000,000	$28,000,000	$90,000,000	$58,000,000
Admissions	1,300,000	1,100,000	1,000,000	870,000	570,000	890,000	540,000	765,000	480,000	1,290,000	860,000
Win per Visit	$58	$55	$48	$62	$56	$61	$52	$64	$58	$70	$67
Estimated Construction Cost	$120,000,000	$80,000,000	$50,000,000	$80,000,000	$45,000,000	$80,000,000	$40,000,000	$80,000,000	$40,000,000	$150,000,000	$100,000,000
Analysis of Financial Return on Investment											
Gaming Revenues	$75,000,000	$60,000,000	$48,000,000	$54,000,000	$32,000,000	$54,000,000	$28,000,000	$49,000,000	$28,000,000	$90,000,000	$58,000,000
Hotel	$3,500,000	$2,000,000	$0	$2,000,000	$0	$2,000,000	$0	$1,750,000	$0	$5,500,000	$2,700,000
F&B and Other	$12,000,000	$9,000,000	$4,000,000	$7,000,000	$2,500,000	$7,000,000	$2,500,000	$6,000,000	$2,500,000	$11,500,000	$7,500,000
Total Revneues	$90,500,000	$71,000,000	$52,000,000	$63,000,000	$34,500,000	$63,000,000	$30,500,000	$56,750,000	$30,500,000	$107,000,000	$68,200,000
Less: Expenses	$67,000,000	$51,000,000	$35,000,000	$44,000,000	$22,500,000	$46,000,000	$18,500,000	$41,250,000	$18,500,000	$79,000,000	$47,200,000
Projected EBITDA	$23,500,000	$20,000,000	$17,000,000	$19,000,000	$12,000,000	$17,000,000	$12,000,000	$15,500,000	$12,000,000	$28,000,000	$21,000,000
% Return on Total Construction Cost	19.6%	25.0%	34.0%	23.8%	26.7%	21.3%	30.0%	19.4%	30.0%	18.7%	21.0%
Market Impact											
Projected Negative Impact on Existing Iowa Casinos (lost revenue)	$20,000,000	$15,000,000	$8,000,000	$37,000,000	$28,000,000	$27,000,000	$23,000,000	$34,000,000	$22,000,000	$40,000,000	$33,000,000
Projected Iowa Gaming Revenues - this scenario	$1,695,000,000	$1,685,000,000	$1,680,000,000	$1,657,000,000	$1,644,000,000	$1,667,000,000	$1,645,000,000	$1,655,000,000	$1,646,000,000	$1,690,000,000	$1,665,000,000
Projected Iowa Gaming Revenues - "As Is" scenario	$1,640,000,000	$1,640,000,000	$1,640,000,000	$1,640,000,000	$1,640,000,000	$1,640,000,000	$1,640,000,000	$1,640,000,000	$1,640,000,000	$1,640,000,000	$1,640,000,000
Change	$55,000,000	$45,000,000	$40,000,000	$17,000,000	$4,000,000	$27,000,000	$5,000,000	$15,000,000	$6,000,000	$50,000,000	$25,000,000
Projected Iowa Gaming Revenues from Out of State - this scenario	$820,000,000	$815,000,000	$810,000,000	$776,000,000	$772,000,000	$770,000,000	$770,000,000	$770,000,000	$770,000,000	$770,000,000	$770,000,000
Projected Iowa Gaming Revenues from Out of State - "As Is" scenario	$770,000,000	$770,000,000	$770,000,000	$770,000,000	$770,000,000	$770,000,000	$770,000,000	$770,000,000	$770,000,000	$770,000,000	$770,000,000
Change	$50,000,000	$45,000,000	$40,000,000	$6,000,000	$2,000,000	$0	$0	$0	$0	$0	$0
Economic Impact											
Estimated Employment Impact	550	450	420	420	250	420	250	420	250	600	480
Estimated Payroll & Employee Benefits	$15,385,000	$12,070,000	$8,840,000	$10,710,000	$5,865,000	$10,710,000	$5,185,000	$9,647,500	$5,185,000	$18,190,000	$11,594,000
Expenditures on Supplies and Services	$22,625,000	$17,750,000	$13,000,000	$15,750,000	$8,625,000	$15,750,000	$7,625,000	$14,187,500	$7,625,000	$26,750,000	$17,050,000
IA Gaming Tax	$16,500,000	$13,200,000	$10,560,000	$11,880,000	$7,040,000	$11,880,000	$6,160,000	$10,780,000	$6,160,000	$19,800,000	$12,760,000

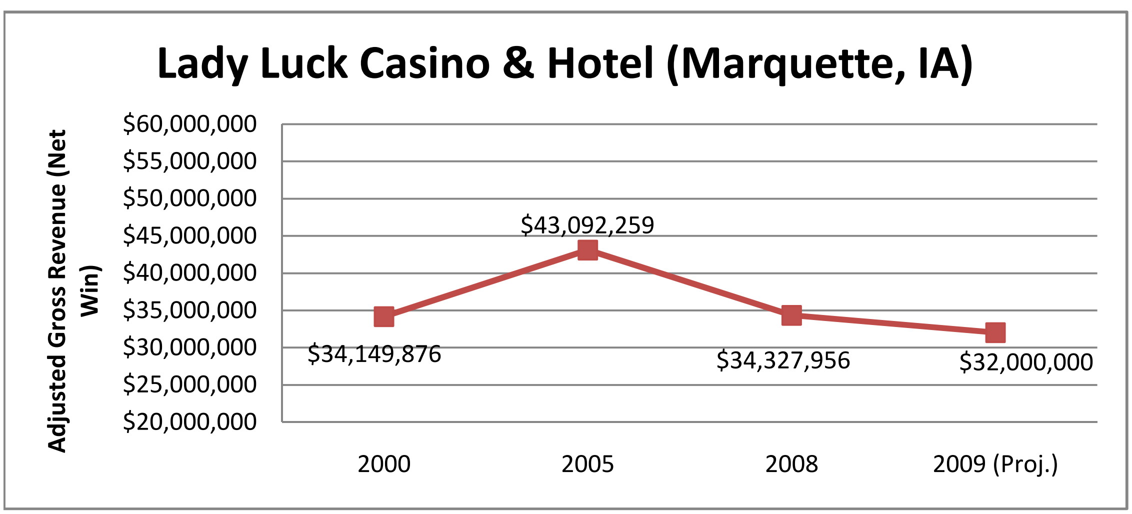
Source: GVA Marquette Advisors

ADDENDA

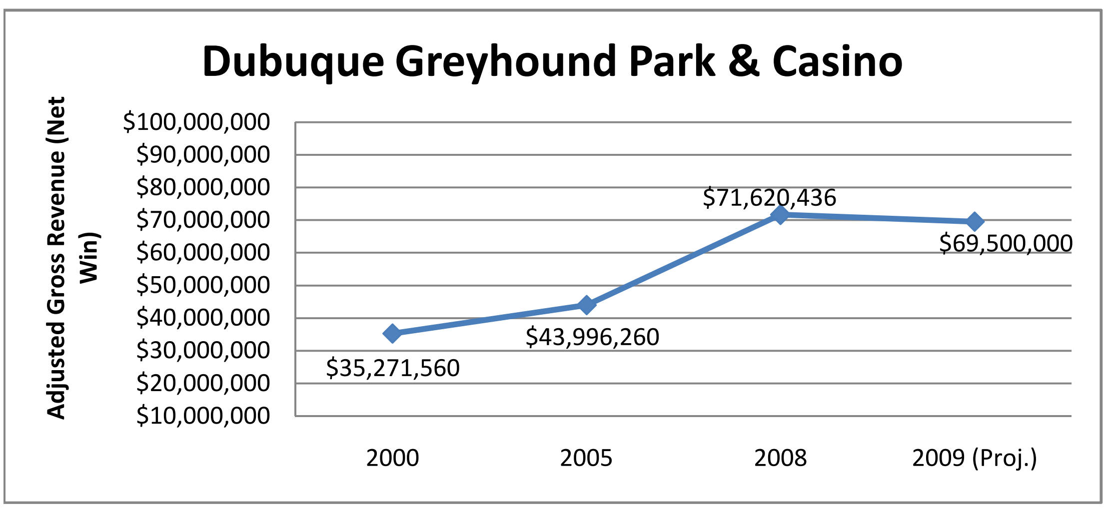
IOWA CASINO PROFILES



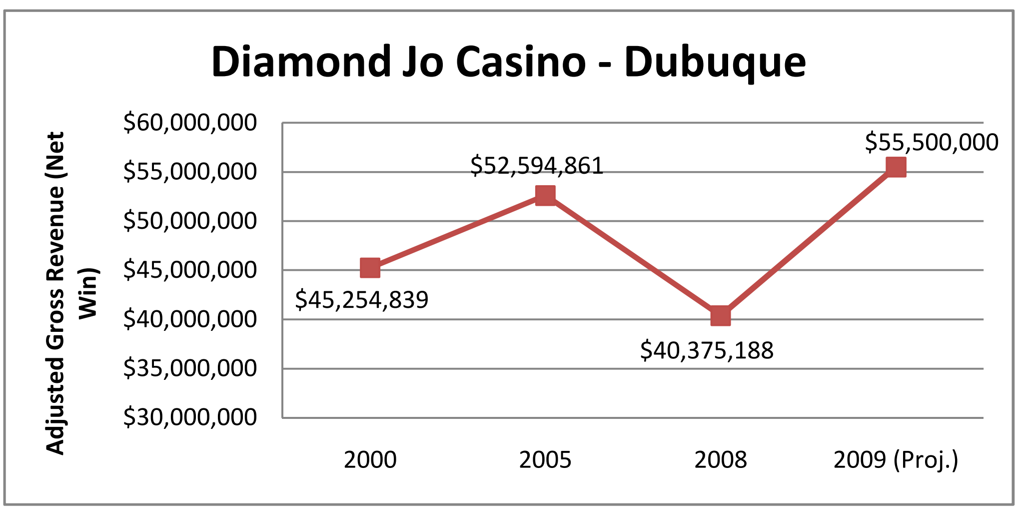

Casino Name:	**Lady Luck Casino & Hotel**
Location:	100 Anti-Monopoly Street Highway 18 West Marquette, Iowa
Year Opened:	2000
Total Slots:	650
Gaming Tables:	13
Poker Tables:	2
Total Gaming Positions:	**759**
Hotel Rooms	24
FY 2008 Net Win:	$34,327,956
Win Per Position/Day:	$127
FY 2008 Admissions:	428,745
Win per Admission:	$80



Casino Name:	**Dubuque Greyhound Park & Casino**
Location:	1855 Greyhound Park Rd Dubuque, IA 52001
Year Opened:	1985
Total Slots:	1,000
Gaming Tables:	16
Poker Tables:	4
Total Gaming Positions:	**1,148**
Hotel Rooms	120 (Hilton Garden Inn)
FY 2008 Net Win:	$71,620,436
Win Per Position/Day:	$172
FY 2008 Admissions:	1,517,818
Win per Admission:	$47

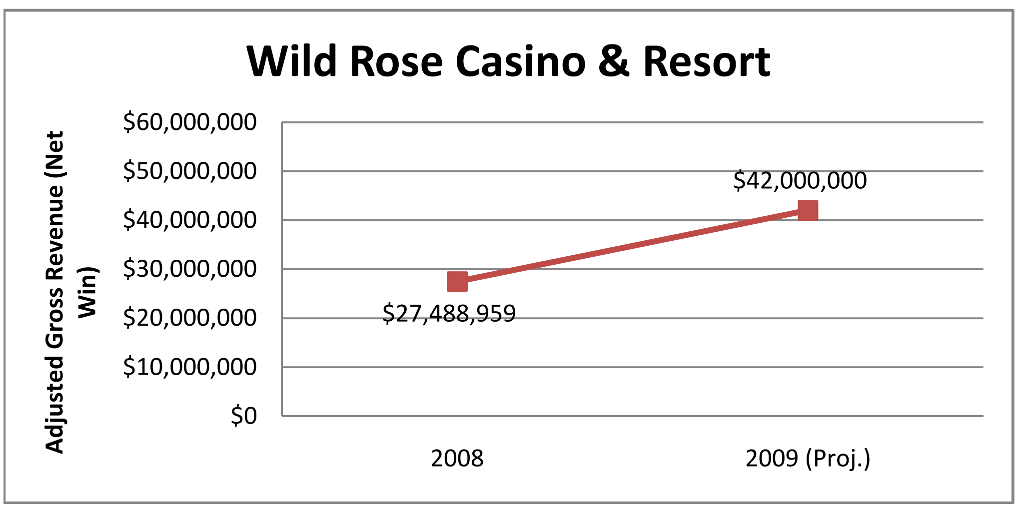


Casino Name:	**Diamond Jo Casino - Dubuque**
Location:	301 Bell Street Dubuque, Iowa
Year Opened:	1994*
Total Slots:	924
Gaming Tables:	17
Poker Tables:	0
Total Gaming Positions:	**1,043**
Hotel Rooms	0
FY 2008 Net Win:	**$40,375,188**
Win Per Position/Day:	$123
FY 2008 Admissions:	708,290
Win per Admission:	$57



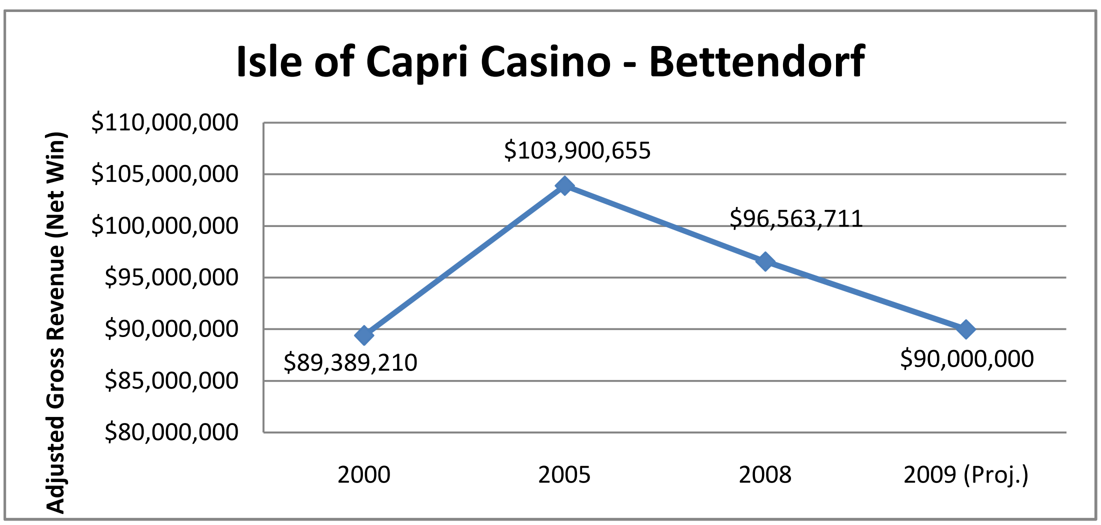
* New land based casino completed in Dec 2008

Casino Name:	**Wild Rose Casino & Resort**
Location:	777 Wild Rose Circle Clinton, Iowa
Year Opened:	1991*
Total Slots:	600
Gaming Tables:	17
Poker Tables:	2
Total Gaming Positions:	**737**
Hotel Rooms	40
FY 2008 Net Win:	**$27,488,959**
Win Per Position/Day:	$115
FY 2008 Admissions:	413,966
Win per Admission:	$66

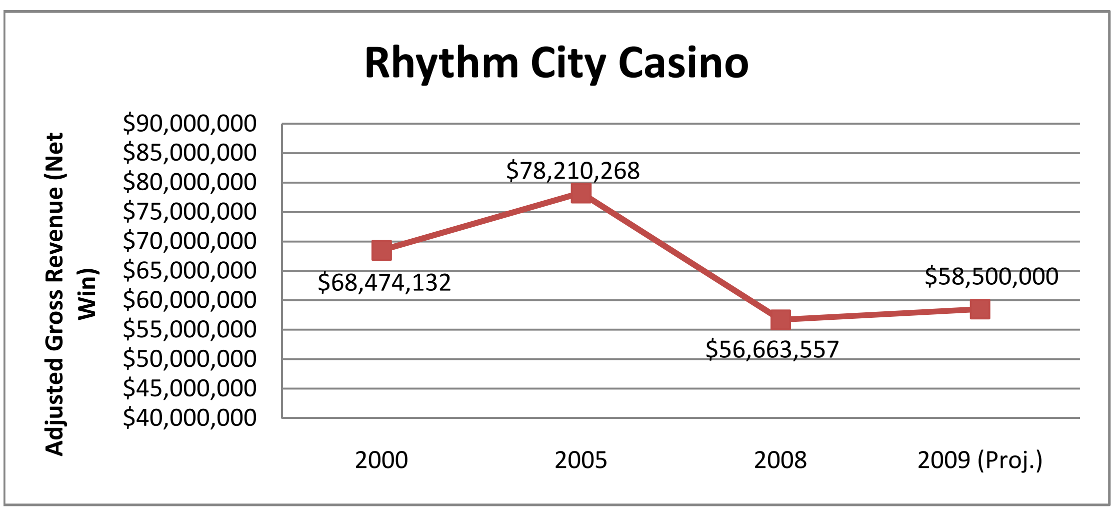


* new land based casino hotel replaced Miss. Belle riverboat in July 2008

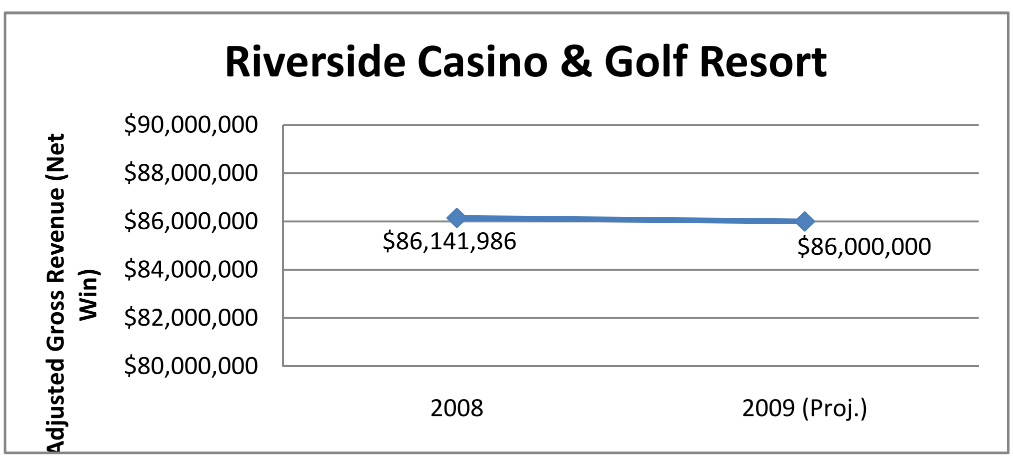
Casino Name:	**Isle of Capri Casino**
Location:	1777 Isle Parkway Bettendorf, Iowa
Year Opened:	1995
Total Slots:	1,034
Gaming Tables:	26
Poker Tables:	8
Total Gaming Positions:	**1,288**
Hotel Rooms	504
FY 2008 Net Win:	**$96,563,711**
Win Per Position/Day:	$208
FY 2008 Admissions:	1,451,452
Win per Admission:	$67



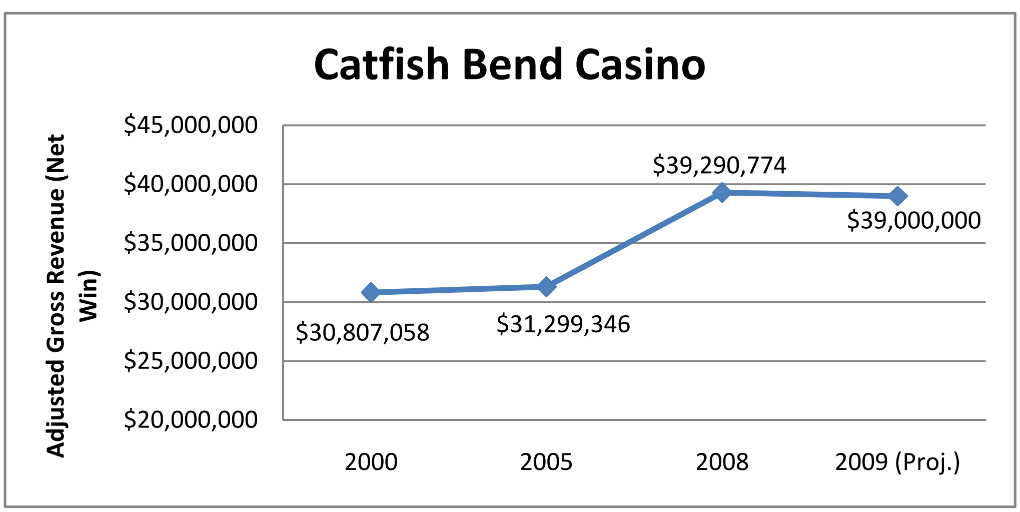
Casino Name:	**Rhythm City Casino**
Location:	101 W River Dr Davenport, IA 52801
Year Opened:	1991
Total Slots:	975
Gaming Tables:	23
Poker Tables:	9
Total Gaming Positions:	**1,217**
FY 2008 Net Win:	**$56,663,557**
Win Per Position/Day:	$139
FY 2008 Admissions:	947,343
Win per Admission:	$60



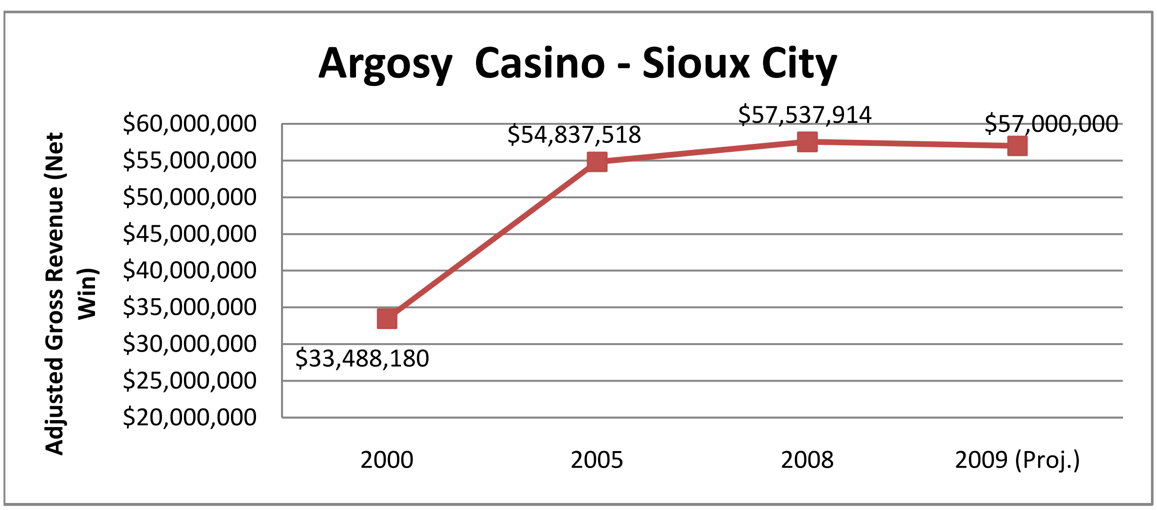
Casino Name:	**Riverside Casino & Golf Resort**
Location:	3184 SR-22 Riverside, IA 52327
Year Opened:	2006
Total Slots:	1,222
Gaming Tables:	40
Poker Tables:	14
Total Gaming Positions:	**1,628**
Hotel Rooms	201
FY 2008 Net Win:	**$86,141,986**
Win Per Position/Day:	$152
FY 2008 Admissions:	1,963,640
Win per Admission:	$44



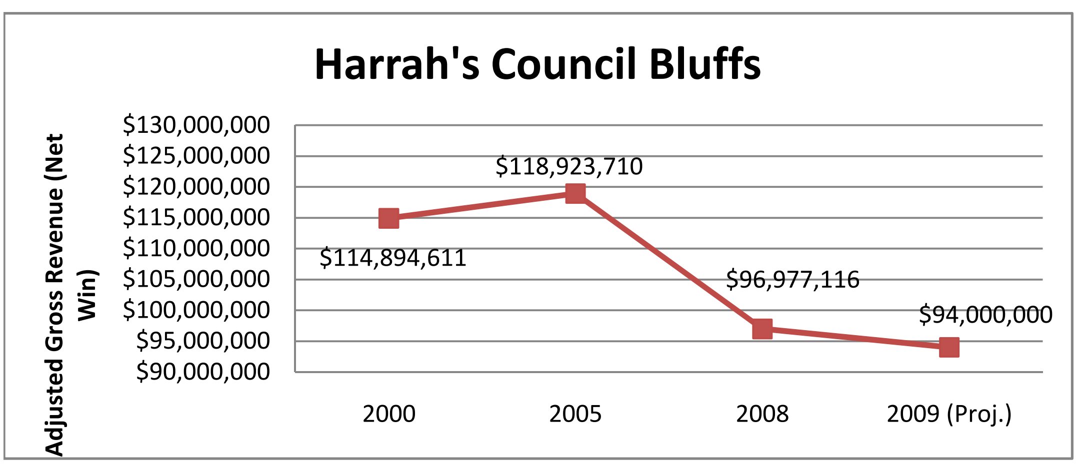
Casino Name:	**Catfish Bend Casino & Hotel**
Location:	3001 Winegard Dr Burlington, IA 52601
Year Opened:	1994
Total Slots:	680
Gaming Tables:	18
Poker Tables:	5
Total Gaming Positions:	**851**
Hotel Rooms	180
FY 2008 Net Win:	**$39,290,774**
Win Per Position/Day:	$105
FY 2008 Admissions:	1,035,443
Win per Admission:	$38



Casino Name:	**Argosy Casino**
Location:	100 Larsen Park Rd Sioux City, IA 51101
Year Opened:	1994
Total Slots:	703
Gaming Tables:	21
Poker Tables:	4
Total Gaming Positions:	**886**
Hotel Rooms	0
FY 2008 Net Win:	**$57,537,914**
Win Per Position/Day:	$181
FY 2008 Admissions:	1,123,261
Win per Admission:	$51

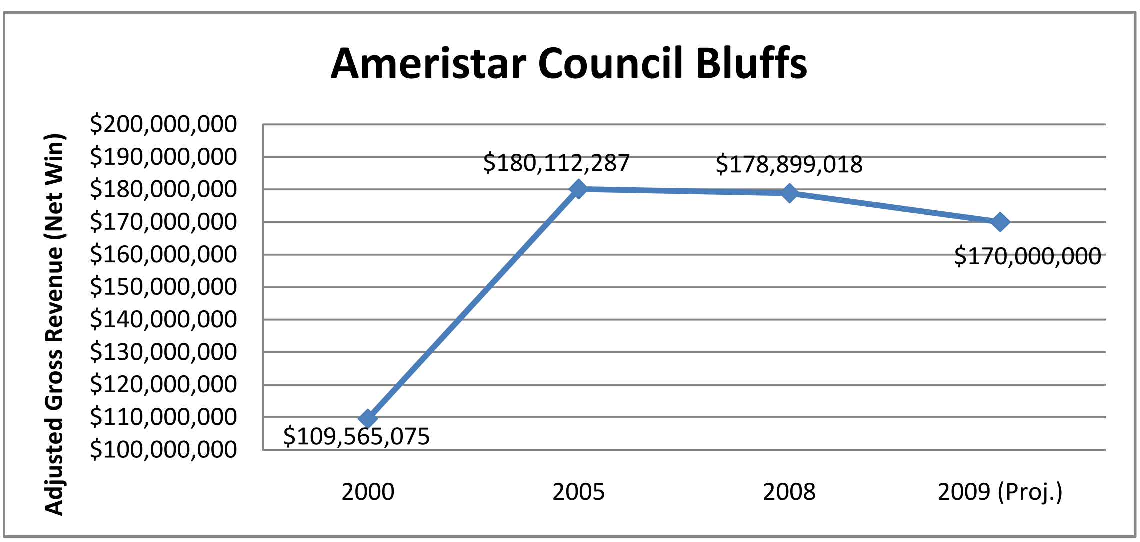


Casino Name:	**Harrah's Council Bluffs**
Location:	1 Harrahs Blvd Council Bluffs, IA 51501
Year Opened:	1996
Total Slots:	1,000
Gaming Tables:	21
Poker Tables:	0
Total Gaming Positions:	**1,147**
Hotel Rooms	251
FY 2008 Net Win:	**$96,977,116**
Win Per Position/Day:	$218
FY 2008 Admissions:	1,560,194
Win per Admission:	$62

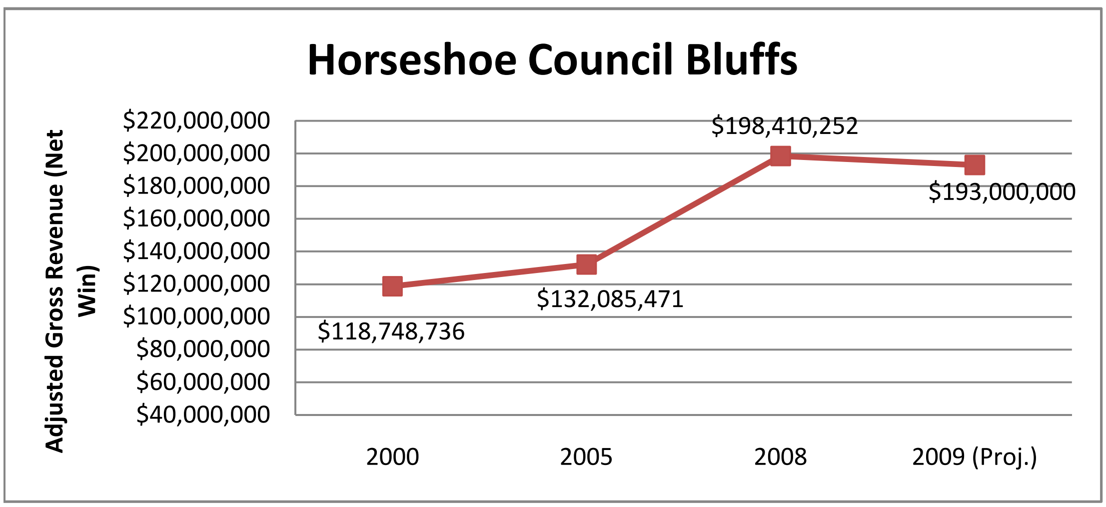


Casino Name: Ameristar Casino Hotel

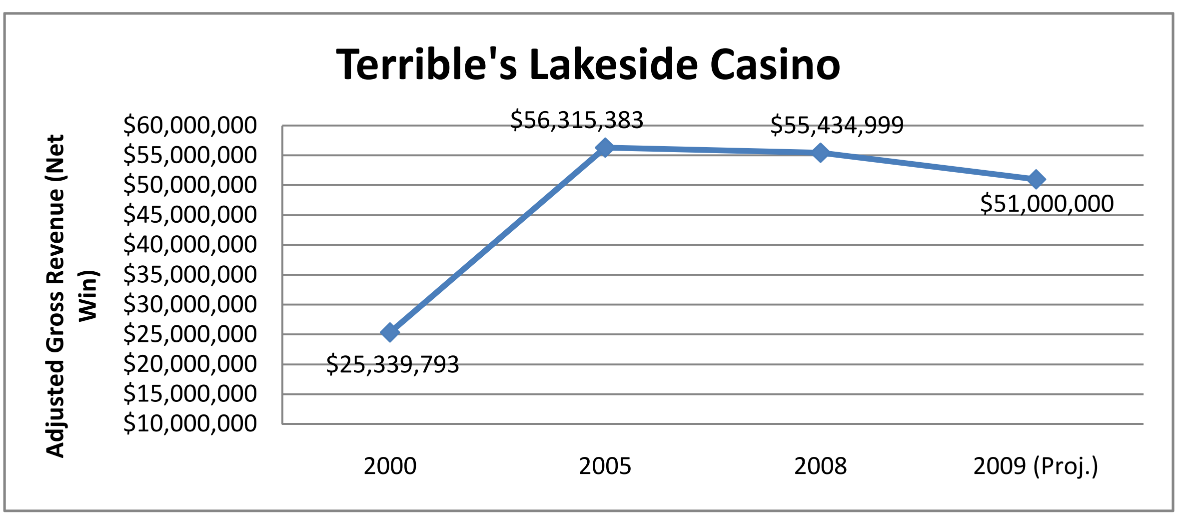
Location:	2200 River Rd Council Bluffs, IA 51501
Year Opened:	1996
Total Slots:	1,650
Gaming Tables:	39
Poker Tables:	0
Total Gaming Positions:	**1,923**
Hotel Rooms	160
FY 2008 Net Win:	**$178,899,018**
Win Per Position/Day:	$266
FY 2008 Admissions:	2,677,638
Win per Admission:	$67



Casino Name:	**Horseshoe Council Bluffs**
Location:	2701 23rd Ave Council Bluffs, IA 51501
Year Opened:	1986
Total Slots:	1,900
Gaming Tables:	44
Poker Tables:	18
Total Gaming Positions:	**2,370**
Hotel Rooms	0
FY 2008 Net Win:	**$198,410,252**
Win Per Position/Day:	$233
FY 2008 Admissions:	2,735,731
Win per Admission:	$73



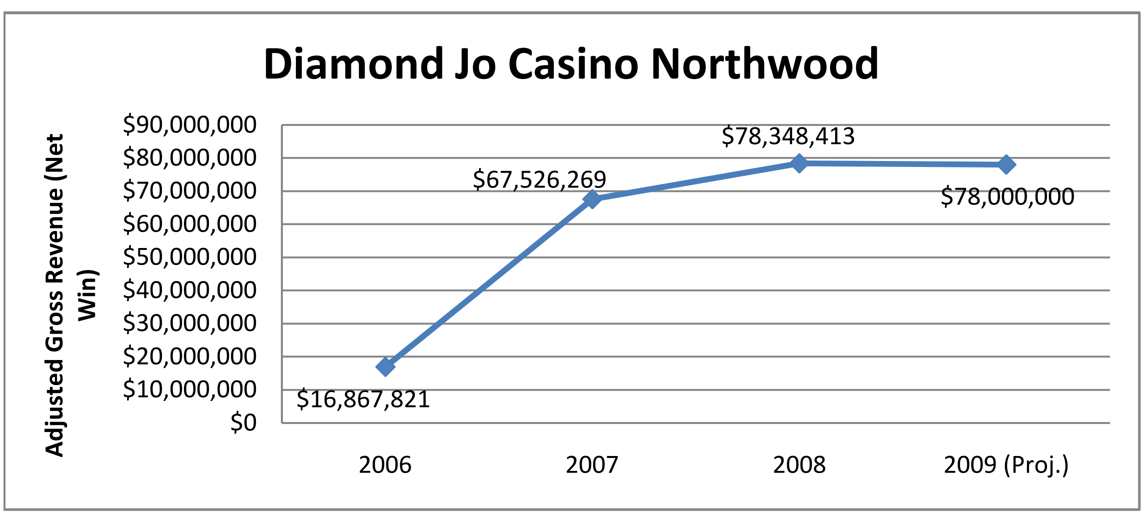
Casino Name:	**Terrible's Lakeside Casino**
Location:	777 Casino Drive Osceola, Iowa 50213
Year Opened:	2000
Total Slots:	1,084
Gaming Tables:	18
Poker Tables:	6
Total Gaming Positions:	**1,264**
Hotel Rooms	60
FY 2008 Net Win:	**$55,434,999**
Win Per Position/Day:	$122
FY 2008 Admissions:	991,055
Win per Admission:	$56



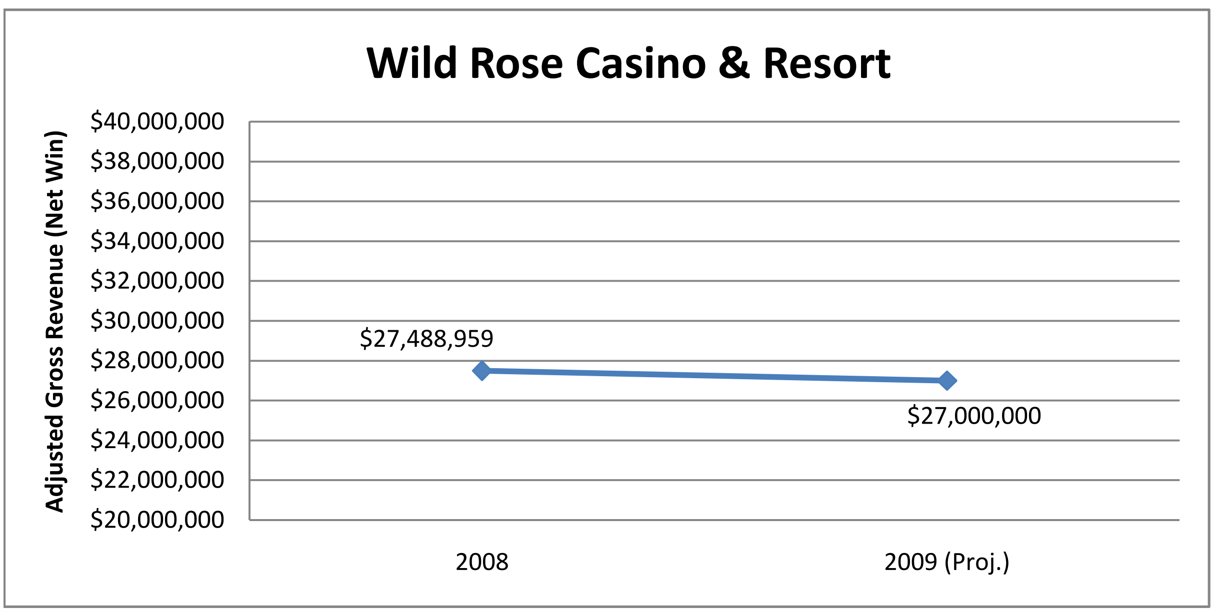


Casino Name: Diamond Jo Casino Northwood

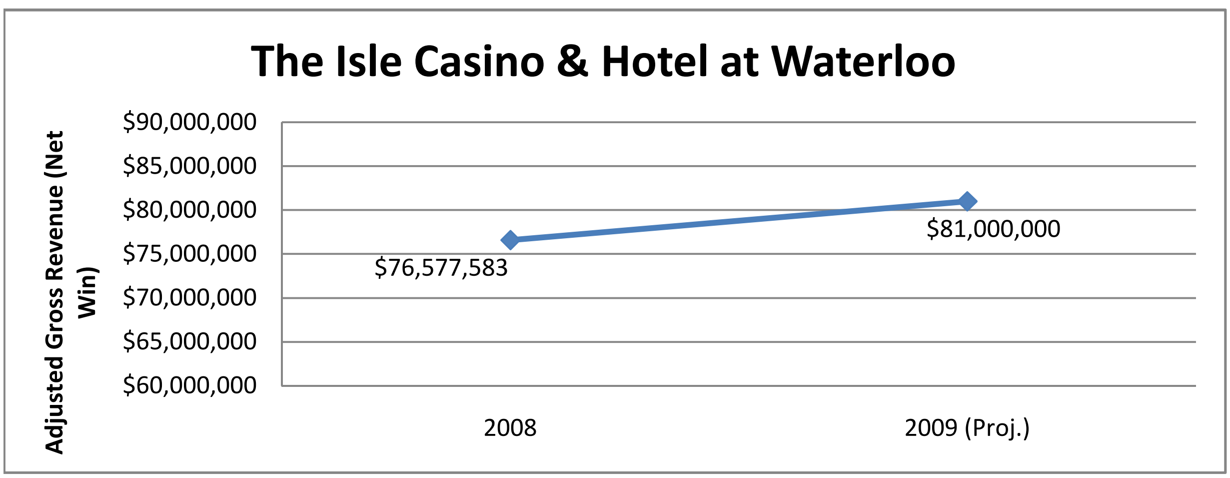
Location:	777 Diamond Jo Lane Northwood, Iowa
Year Opened:	2000
Total Slots:	902
Gaming Tables:	26
Poker Tables:	7
Total Gaming Positions:	**1,147**
Hotel Rooms	102
FY 2008 Net Win:	**$78,348,413**
Win Per Position/Day:	$189
FY 2008 Admissions:	1,319,178
Win per Admission:	$59



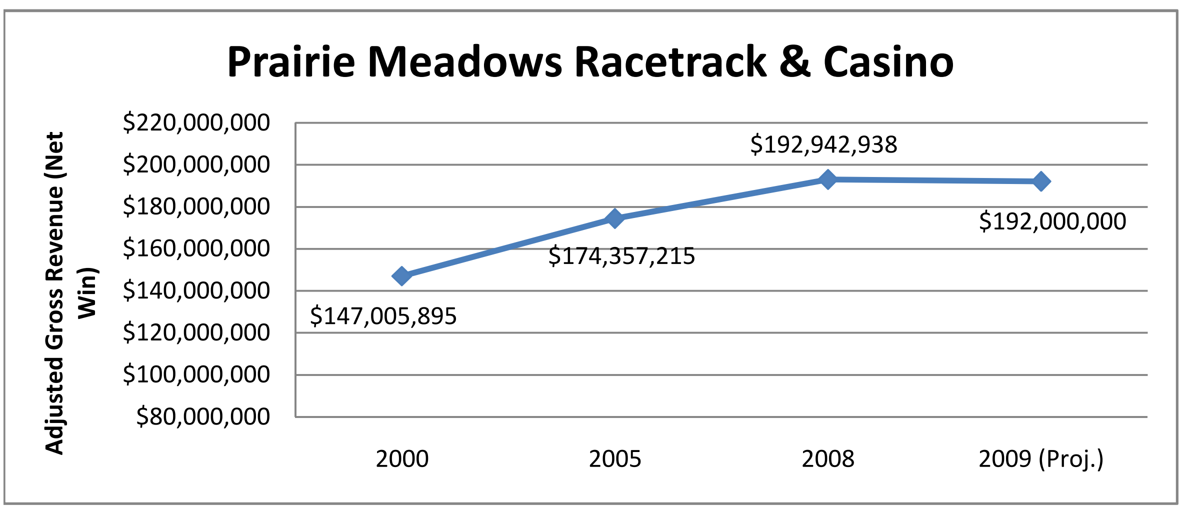
Casino Name:	**Wild Rose Casino & Resort**
Location:	777 Main Street Emmetsburg, Iowa
Year Opened:	2006
Total Slots:	530
Gaming Tables:	17
Poker Tables:	4
Total Gaming Positions:	**685**
Hotel Rooms	70
FY 2008 Net Win:	$27,488,959
Win Per Position/Day:	$115
FY 2008 Admissions:	593,602
Win per Admission:	$46



Casino Name:	**The Isle Casino and Hotel at Waterloo**
Location:	777 Isle of Capri Boulevard Waterloo, Iowa
Year Opened:	2007
Total Slots:	1,000
Gaming Tables:	29
Poker Tables:	6
Total Gaming Positions:	**1,257**
Hotel Rooms	195
FY 2008 Net Win:	**$76,577,583**
Win Per Position/Day:	$156
FY 2008 Admissions:	1,777,746
Win per Admission:	$43



Casino Name:	**Prairie Meadows Racetrack & Casino**
Location:	1 Prairie Meadows Dr Altoona, IA 50009
Year Opened:	1989
Total Slots:	1,900
Gaming Tables:	34
Poker Tables:	6
Total Gaming Positions:	**2,192**
Hotel Rooms	0
FY 2008 Net Win:	$192,942,938
Win Per Position/Day:	$242
FY 2008 Admissions:	2,490,044
Win per Admission:	$77



GVA Marquette Advisors

International Hospitality and Gaming Consultants

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THE COMPANY

GVA Marquette Advisors is a full-service market study and financial counseling firm providing comprehensive consulting, valuation and advisory services to gaming and hospitality projects of all types. GVA Marquette Advisors offers highly specialized consulting services to gaming operations, resorts and hotels throughout North America.

GVA has a specialty in gaming consulting and is a recognized consultant with international expertise. GVA has completed nearly 1,000 studies of varied types throughout the United States, Canada, Mexico, and Bermuda. The ability to address issues related not only to the casinos themselves, but to the supporting facilities, such as lodging, food and beverage, convention and entertainment facilities, attractions, retail and other recreational amenities such as golf courses, marinas and RV parks, is a critical component of our gaming services.

EXPERIENCE

The principals of GVA have more than 30 years of consulting experience and spanning several business cycles. No consultant at GVA has less than 10 years of consulting experience within the hospitality industry. This experience has provided us with a perspective that is invaluable in providing relevant advisory services in today's increasingly competitive and complex markets. We were pioneers in Native American gaming market research with projects that began in the 1980's. Since then, GVA has performed market studies for gaming projects located in 31 states and three Canadian provinces. Our studies were instrumental in the development of the gaming industry in Minnesota and we performed studies for several of the early casinos along the Gulf Coast and Tunica, and in southern and northern California. We continue to be actively involved in these and the other US gaming markets, working on behalf of Tribes and commercial casino operators, lenders and investment organizations, as well as state government and gaming regulatory agencies.

All aspects of the hospitality industry are becoming increasingly more competitive. GVA's consultants possess the skills and techniques necessary to perform in-depth market analysis and to interpret the findings with a deep comprehension of both demand characteristics and likely competitive supply reactions. Such insight is essential to the accurate assessment of a particular project's potential and in the identification of its appropriate size and amenities. Many of our casino assignments involve an expansion or the addition of amenities to a previous client, so that we have the opportunity to revisit markets and study their evolution.

GVA Marquette Advisors Offices:
Minneapolis Office: 333 South Seventh Street, Suite 2300, Minneapolis, MN 55402-3200
Phone: 612-335-8888; Fax: 612-334-3022
Seattle Office: 22525 SE 64th Place, Suite 180, Seattle, WA 98027
Phone: 425-392-7482; Fax: 425-392-7330
Las Vegas Office: 3960 Howard Hughes Parkway, Suite 500, Las Vegas, NV 89169
Phone: 702-990-3688; Fax: 702-990-3501

SERVICES

We try to provide as much value to our clients as possible. Therefore, we communicate frequently with our clients during an assignment and often meet with members of the project team, including the architect and lender. This provides an opportunity for all involved in a project to understand and interpret our findings, conclusions and recommendations.

Market Studies - Our market studies include an in-depth analysis of the business potential that exists in a market, as well as a critical evaluation of the competition. With respect to casino projects, we focus on likely market share and recommend facilities and amenities that will maximize this market share. Through our quantitative analysis, we are able to assess the business impact that will result from alternative competitive development scenarios to help our clients evaluate business risk.

Financial Projections - Our financial projections are prepared by department from a detailed financial model and are based on local market conditions. The results are then compared to the actual operating results of similar projects that we have access to. We are also capable of assessing the economic feasibility of a project by comparing its projected cash flow to its development cost and its cost of capital.

Economic Impact Assessment - GVA Marquette Advisors is a recognized leader in the analysis of the economic and social impact of gaming and other leisure industries and projects. Our landmark studies of the economic benefits of Indian gaming in the states of Minnesota, Oregon, and Washington have been distributed in both the United States and Canada and widely quoted in the gaming industry trade press. Impact studies and business plans for individual projects have been used for public relations and lobbying purposes and to fulfill submission requirements to the National Indian Gaming Commission. The principals of the Hospitality Group have made presentations on feasibility and impact issues at regional, national and international conferences in the United States and Canada.

Other Services - Our significant gaming experience, also enable us to provide a broader range of services to assist in other development opportunities. Our service lines include:

- Business Plans
- Development of gaming strategies
- Valuation of gaming assets and facilities
- Analysis of all ancillary facilities including hotels, retail, entertainment venues, convention facilities, restaurants, golf
- Evaluation of management and operations
- Tribal project development management outsourcing

LOCATIONS OF GAMING ASSIGNMENTS

Minnesota	Wisconsin	Michigan	Illinois	Maryland
Indiana	Ohio	Pennsylvania	New York	
Florida	Louisiana	Mississippi	Missouri	
Texas	New Mexico	Arizona	California	
Oregon	Washington	North Dakota	Iowa	
Kansas	Oklahoma	Wyoming	Nevada	
Colorado	New Jersey	South Dakota	Montana	
Quebec	Ontario	British Columbia	Idaho	

PROFESSIONAL QUALIFICATIONS OF LOUIS W. FRILLMAN

President
GVA MARQUETTE ADVISORS

Louis W. Frillman has been engaged in the real estate business nationwide since 1975. During this time, he has completed counseling assignments dealing with significant decisions regarding real property utilized for real estate tax petitions, market feasibility and absorption analysis studies, valuations and disposition of major business properties, and investment analyses for acquisition of property by major pension accounts. In addition, he has provided counsel to real estate buyers, sellers, investors and lenders concerning virtually all types of real estate.

In the hospitality and gaming areas, Mr. Frillman has conducted numerous market and feasibility studies, financial analysis and projections, going concern and real estate valuations, and has provided other counseling services to scores of hospitality and gaming projects throughout North America. Mr. Frillman is experienced at managing and overseeing large projects nationwide. Recently he completed a series of engagements relating to the recapitalization of the Mall Of America.

Mr. Frillman has a Bachelor of Arts Degree in Finance from the College of St. Thomas. He has lectured and taught real estate valuation for the University of St. Thomas and has been a guest lecturer at numerous continuing education seminars for the Law Board, NAIOP, American Society of Real Estate Counselors, and NACORE.

Mr. Frillman is a licensed and bonded real estate broker in the State of Minnesota and is an affiliate member of the National Association of Industrial and Office Parks (NAIOP), and served on the 1986 Legislative Committee of that association. He is a member of the American Society of Real Estate Counselors, the real estate counseling affiliate of the National Association of Realtors. He is an elected member of the Appraisal Institute and has served on the MAI Demonstration Appraisal Reports Committee nationally, and was a member of the Board of Directors for the local Institute Chapter as well as on the local admissions committee. He has also served as Chairman of the Candidate Guidance Committee.

His community activities include being a full member of the Greater Minneapolis Board of Realtors, an associate member of the Urban Land Institute, a member of the National Trust for Historic Preservation, and the Riverfront Development Committee of the Downtown Council of Minneapolis.

He is an invited member of Lambda Alpha, the international Land Economics Fraternity.

His charitable activities include eight years as director of Catholic Charities for the Elderly; he served that board as development coordinator of Marian Center, a skilled care and assisted living care facility.

PROFESSIONAL QUALIFICATIONS OF BRENT E. WITTENBERG

Vice President
GVA MARQUETTE ADVISORS

Mr. Wittenberg has 12 years of experience as a real estate consultant, with a special expertise in gaming and hospitality projects, as well as commercial, residential and mixed-use real estate ventures. His diverse background has included market analyses, feasibility studies, and economic and fiscal impact studies. Brent has worked on a wide variety of gaming and real estate consulting assignments in 22 states.

He is a known expert in the field of real estate research and has evaluated numerous property types on behalf of GVA Marquette's clients. In addition to casinos and hotels, Brent has provided feasibility studies and financial projections for numerous commercial real estate projects, multifamily housing, golf courses, marinas, RV Parks, event centers, retail and shopping center developments, gas station/c-stores and full service travel plazas, community centers and health clubs.

Brent has been an invited speaker at several local and national conferences and seminars regarding both gaming and real estate market issues and trends, including multiple IMN Native American Finance Conferences. He has also been a guest lecturer at universities in the Twin Cities region. Articles by Mr. Wittenberg have been published in the Minnesota Real Estate Journal and Heartland Real Estate Business. He is widely quoted in the local, regional and national press on issues pertaining to the multifamily housing and hospitality industries.

Mr. Wittenberg holds a Master of City and Regional Planning Degree (MCRP) from Clemson University, where he was recognized by the American Institute of Certified Planners (AICP) for outstanding attainment in the study of planning. He earned a Bachelor of Arts Degree in Local and Urban Affairs at St. Cloud State University.